



Multi-Stage Auctions



Auction Methodology



- The Seller needs to be a member of NCDFI eMarket
- NCDFI approved sellers will be allowed to participate in the auctions
- Seller needs to make an entry of the product offered along with all the requisite parameters in the system
- The entries need to be made one day prior to the eAuction within the given time frame
- During the Auction entry time, members can not see the offered price by other sellers
- NCDFI will reveal the price (show price) post completion of entries in the system by all the sellers
- Auction Notice will be issued after Show Price
- Auction will be conducted in Two Phases (Phase I & II)

Phase I (Salient Features)



- The First Phase auction will start and end with a stipulated time period
- Only NCDFI dairy cooperative members are allowed to participate in the Phase-I auction and bid for the quantities
- There will be no extension of rounds or escalation of offered rates during the auction
- The allocation of the quantities during the auction will be done in real-time basis on first come first serve basis
- The auction ends at the stipulated time period or once the quantity exhausts
- The remaining quantities of Phase-I auction, if any, will be carried forward to the second phase

Process Flow: Phase I



- Auction timings, base price, pack size, godown location, Mfg. Date, Mfg. Plant, Maximum offered and minimum bid quantities, along with the brand and other relevant details, will be shared in the form of an Auction Notice through E-Mail, WhatsApp and Mobile App one day before the eAuction.
- Buyers must deposit the required EMD into their ESCROW Account before the eAuction.
- In Phase-I, only NCDFI dairy cooperative members are allowed to participate. The quantities will be allocated in real-time, i.e. first come, first serve basis. There will be no extension in Phase-I.
- The remaining quantities, if any, will be offered in Phase-II.

Scenario 1

Phase-I:

Offered quantities (MOQ) 3,000 MT, MBQ: 500 MT

Duration of the eAuction: 30 minutes

Time	Bidder	Price (Rs/Kg)	Bid Qty. (MT)	Balanced Qty. (MT)
11:00 AM	A	200	1,000	2,000
11:15 AM	B	200	1,500	500
11:29 AM	C	200	500	0

- Bidder A would be awarded 1,000 MT @ ₹ 200
- Bidder B would be awarded 1,500 MT @ ₹ 200
- Bidder C would be awarded 500 MT @ ₹ 200
- In the given scenario, the quantities are fully subscribed with the base price.

Scenario-2

Phase-I:

Offered quantities (MOQ) : 3,000 MT, MBQ: 500 MT

Duration of the eAuction: 30 minutes

Time	Bidder	Price (Rs/Kg)	Bid quantities (MT)	Balance Quantity (MT)
11:00 AM	A	200	800	2,200
11:29 AM	B	200	700	1,500

- Bidder A would be awarded 800 MT @ ₹ 200
- Bidder B would be awarded 700 MT @ ₹ 200
- In Phase-I, the bidder can only quote the quantities; the price will remain fixed.
- The allocation of quantity will be done on a real-time basis.

Here, the unsold quantities of 1,500 MT will be carried forward to the Phase-II of the auction.

Phase II (Salient Features)



- The second phase of the auction will start with the remaining quantities of the Phase-I
- All the other parameters of the offered quantity will be same as in Phase-I
- All the registered members of NCDFI eMarket are allowed to participate and bid in Phase-II
- Phase-II will follow Ascending Price Auction Methodology where price increases round by round if demand exceeds supply
- Auction terminates or clearing price is declared when the demand quantities is equal to or less than supply (offered) quantities
- It will have a maximum of 10 rounds in case of over-subscription during the auction

Process Flow: Phase-II



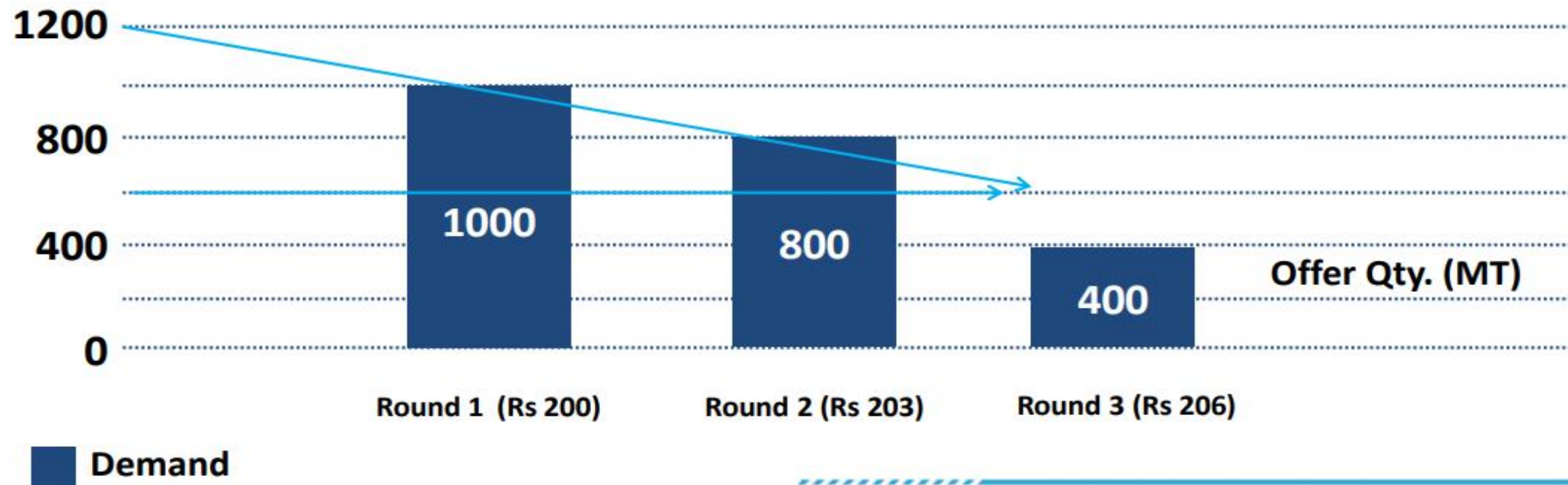
- In Phase-II of the auction, all the registered members of NCDFI eMarket are allowed to participate in the eAuction. As the base price is already given by the sellers, buyers need to quote only their required quantities.
- The remaining quantities of Phase-I will be available in the Phase-II of the eAuction. Bidders have to join from the first round of Phase-II to be eligible for the allocation.
- In the case of over-subscription, price increases round by round, if demand exceeds supply. Here, bidders may maintain the same quantities in the subsequent rounds or may reduce the quantities. Bidders can revise their bid any number of times during the round, and only the latest bid will be considered.
- The main auction round will be of 15 minutes; in case of over subscription, the auction schedule shall be extended for 5 more minutes with a gap of 5 minutes each, and maximum 10 such extensions will be there.

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



Scenario 1

Round 1 Price : Rs 200 per kg

MOQ = 2500 MT

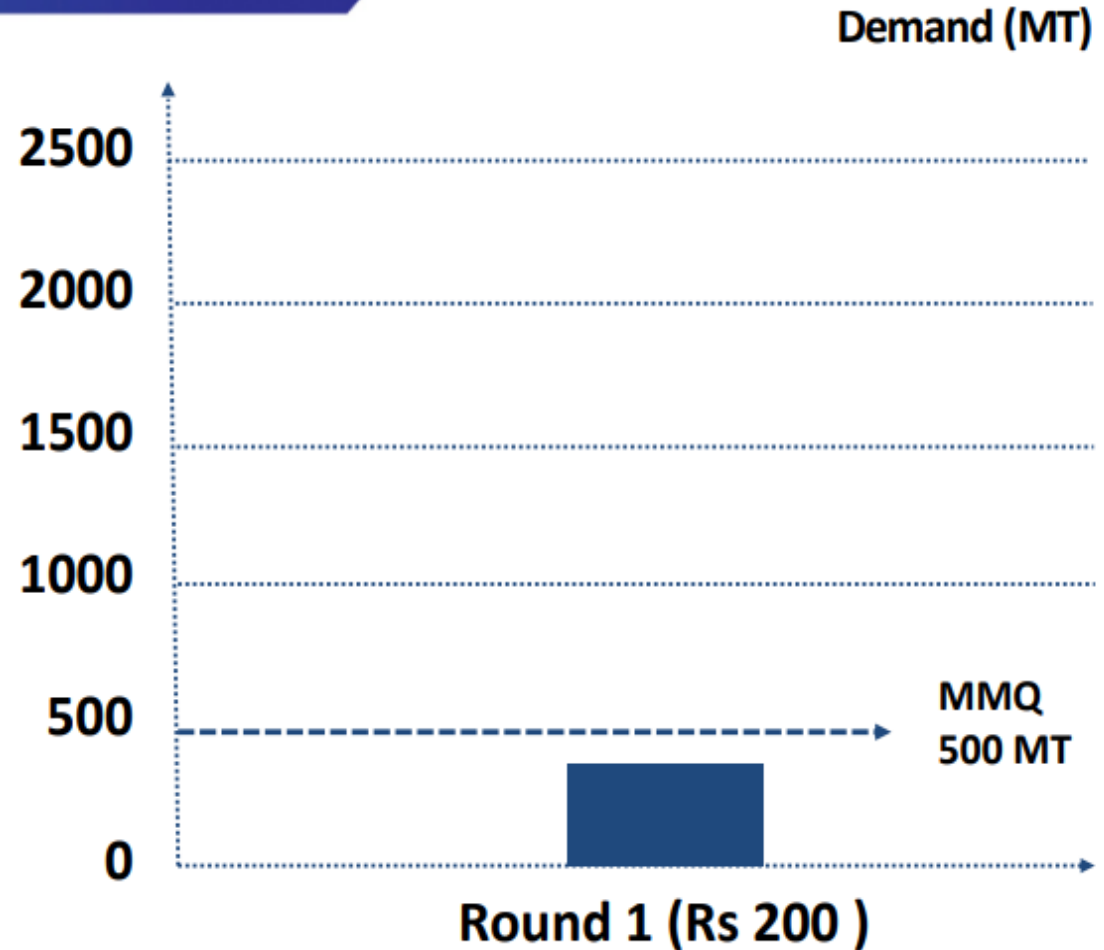
MMQ= 500 MT

Demand = 400MT in Round 1

Demand < MMQ

Auction Failed

■ Demand



Scenario 2


Demand = 1000 MT in Round 1

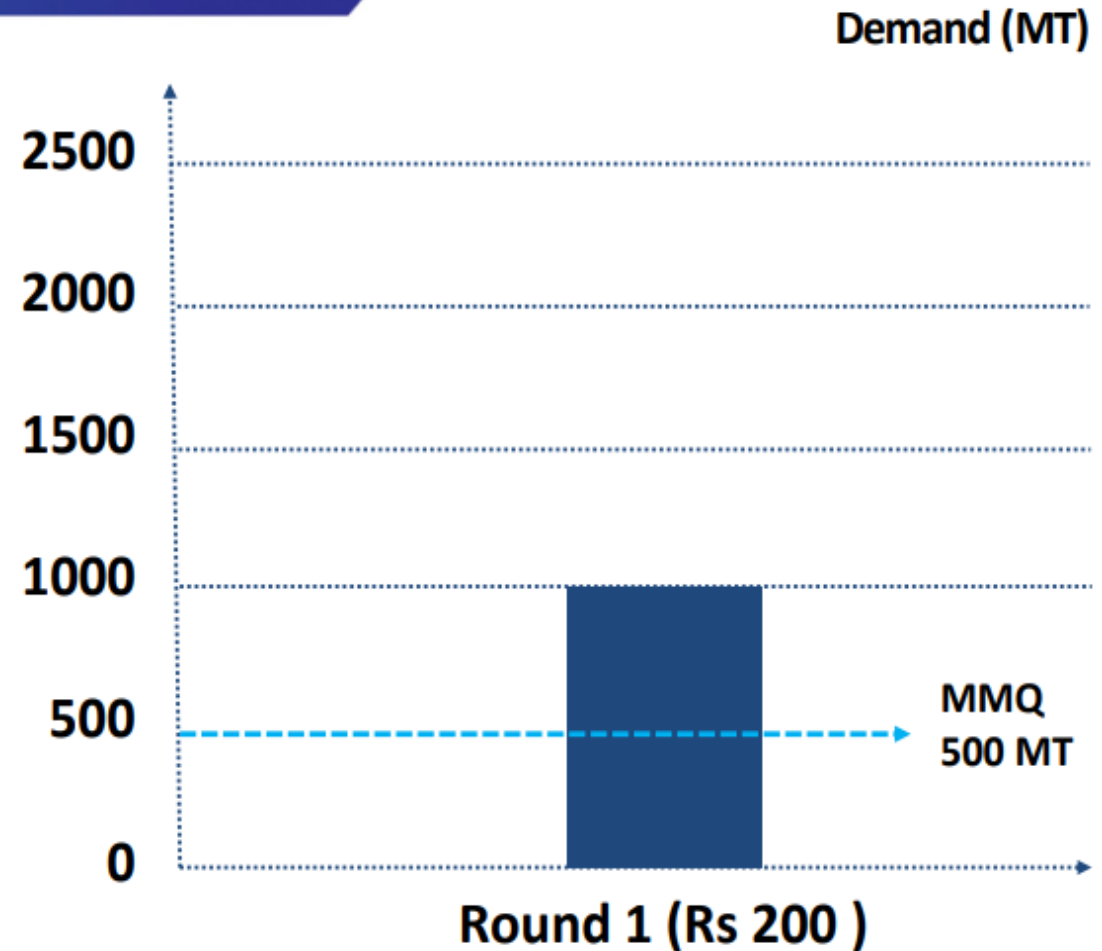
Demand > MMQ

Demand < MOQ

Clearing price Rs 200

Clearing Qty 1000 MT

 Demand



Scenario 3

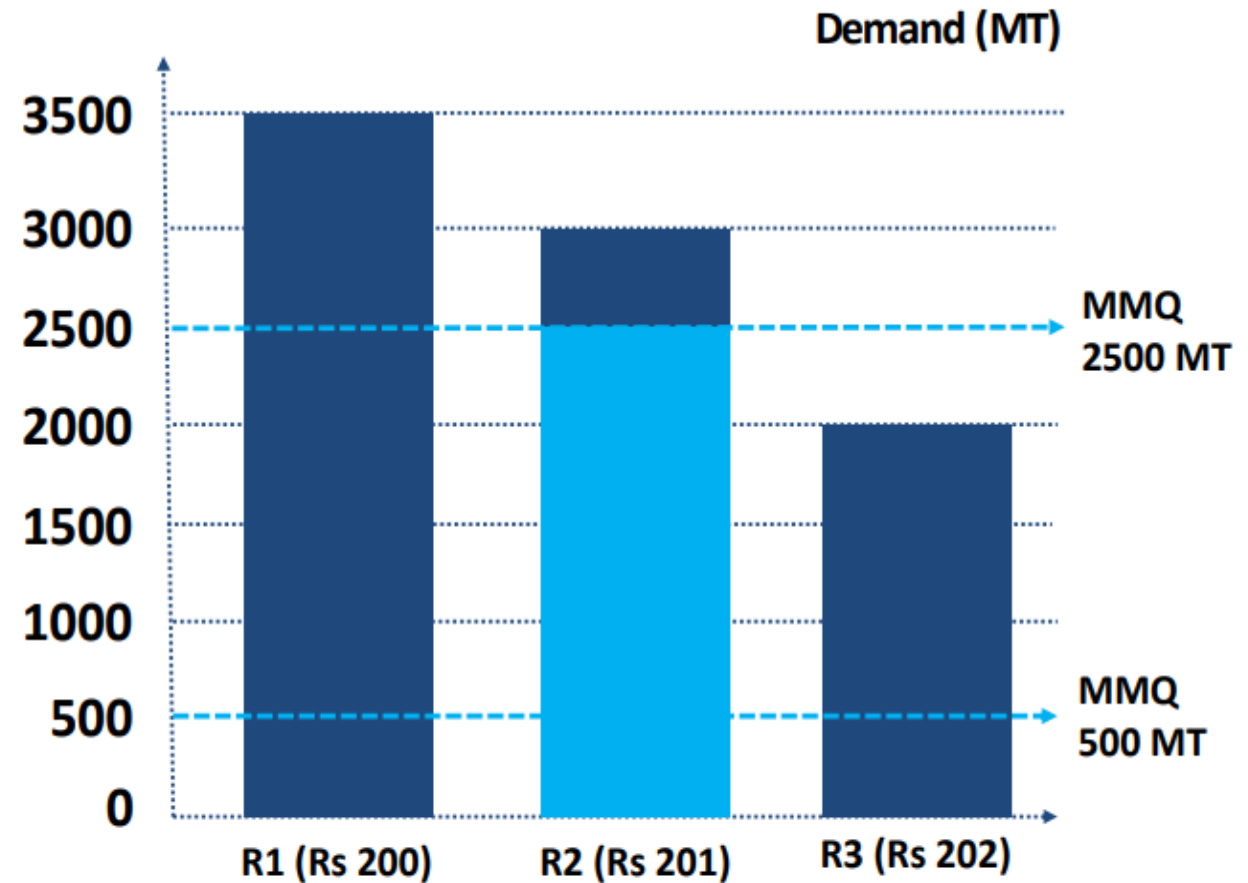
Demand = 2000MT in Round 3
Demand < MOQ

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



Formula for Price Increase

The tick amount proposed to be in the 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

- Bid Evaluation results will be issued by NCDFI after the completion of the eAuction.
- Buyers have to make the payment and lift the material within the stipulated time provided in the Bid Evaluation Result to avoid the penalty. Same way, sellers have to provide the material as per the specification and terms and conditions of the contract.
- Auction results shall be final and cannot be negotiated.
- EMD of the Buyers and Sellers will be released on receipt of eWay bills as proof of delivery.



Thank You

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