NCDFI eMarket Rules for Reverse Price Auction Methodology

1. Introduction

The Business Rules framed hereunder shall be known as NCDFI eMarket Rules for eAuction (Reverse Price Auction Methodology) being conducted by National Cooperative Dairy Federation of India Limited (referred herewith as NCDFI) for procurement of required materials by NCDFI eMarket approved buyers.

These Business Rules shall be in addition to Commodity-wise Bid Evaluation Result(s) issued by NCDFI for the conduct of eAuctions as amended by 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 Bid Evaluation Result(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 Bid Evaluation Result(s) provisions.

3. Participation/Membership Rules

3.1 Registered Buyers/Sellers/Brokers

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

3.2 Federation Bidder

All the Federation members of NCDFI can participate on the NCDFI eMarket (by specifically applying to NCDFI and completing all necessary formalities as required by NCDFI). The NCDFI approved Federations and their constituent Unions can participate in the NCDFI eMarket. The NCDFI approved Federations can place bid on behalf of constituent Unions.

3.3 Federation Constituents or Union Independently

The Federation Constituents or Unions can register themselves separately to participate independently. Such Federation Constituents or Unions can participate in the NCDFI eMarket independently from their respective Unions by the separate credentials provided to them.

4. NCDFI eMarket Methodology and Rules

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

4.1 Reverse Price Auction Basic Process

4.1.1 Auction is conducted for a specified time period. The schedule of the same will be communicated minimum 1 day prior to the eAuction date.

4.1.2 Members will be provided with unique user id and password to start participation.

4.1.3 Bidders have to deposit predefined EMD (margin money) prior to participation into their respective escrow account provided to be eligible for participation.

4.1.4 Anonymous price bidding would continue till completion of auction time for entire quantity.

4.1.5 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.

4.1.6 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.

4.1.7 The Bids of all Bidders who have participated in the eAuction must remain valid for a period as mentioned at the time of floating the

auction and the EMD of Lowest Quoted Price bidder will be blocked during this period.

4.1.8 The Lowest Quoted Price would be conveyed to the Buyer on completion of auction and the Buyer will have option to accept or reject the price bid within the prescribed time limit.

4.1.9 On receipt of Buyers confirmation for procuring the commodity with Lowest Quoted Price, the trade confirmation will be issued subject to payment of Security Deposit, if any.

4.1.10 In case of bid by broker, on receipt of buyer confirmation, broker need to provide the details of seller(s) and quantities. Bid Evaluation Result(s) will be issued in name of seller(s) which also specify the name of the broker.

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 3, or as specified in the auction notice.

4.2.4   Price Decrements
Minimum price decrement as mentioned in the Bid Evaluation Results 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, if acceptable to the buyer.

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 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	
		B	₹ 11	20	7,10,000
		C	₹ 13	30	
09:05	X	A	₹ 11	10	
		B	₹ 9	20	6,50,000
		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 EMD / Security Deposit and Advance Transaction Charges
EMD/Security Deposit will also include advance transaction charges defined as a % of transacted value or predefined amount as may be decided by each Buyer which is mentioned in the terms provided by the respective buyer. The EMD/Security Deposit is refundable and does not carry any interest payment.

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.

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. 2 days) prior to auction date.

7.2 Product Specification
The buyer shall provide product specification. 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. 2 days prior to auction date).

7.4 Registration from NCDFI and Trading Credentials for eMarket

All participants shall register with NCDFI 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 or predefined amount as per the choice of the Buyer. 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.

8. Post Trade Auction Fulfilment Rules

8.1 Buyer Fulfilment

8.1.1   The buyer will issue the purchase order on receipt of Bid Evaluation Result from the NCDFI eMarket.

8.1.2   The buyer will settle the fund obligation within the payment terms and time frame as defined in the terms and conditions.

8.2 Seller/Broker Fulfilment

8.2.1   The seller/broker will arrange delivery of the commodity to the buyer within the delivery terms as specified in the commodity wise Bid Evaluation Result.

8.2.2   The seller will timely deliver the commodity.

8.2.3   EMD of Seller/Broker will be converted as Security Deposit where NCDFI eMarket maintains the Security Deposit. The same will be released after deducting transaction charges when the buyer confirms the delivery of commodity.

8.2.4   Where Buyer directly takes the Security Deposit, EMD will be released after deducting transaction charges when the Buyer confirms the receipt of Security Deposit.

8.2.5   In case no intimation is received from buyer/seller/broker within a period of one month after stipulated delivery period, it will be presumed that the contract obligations were fulfilled and accordingly margins of seller/broker would be released.

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