

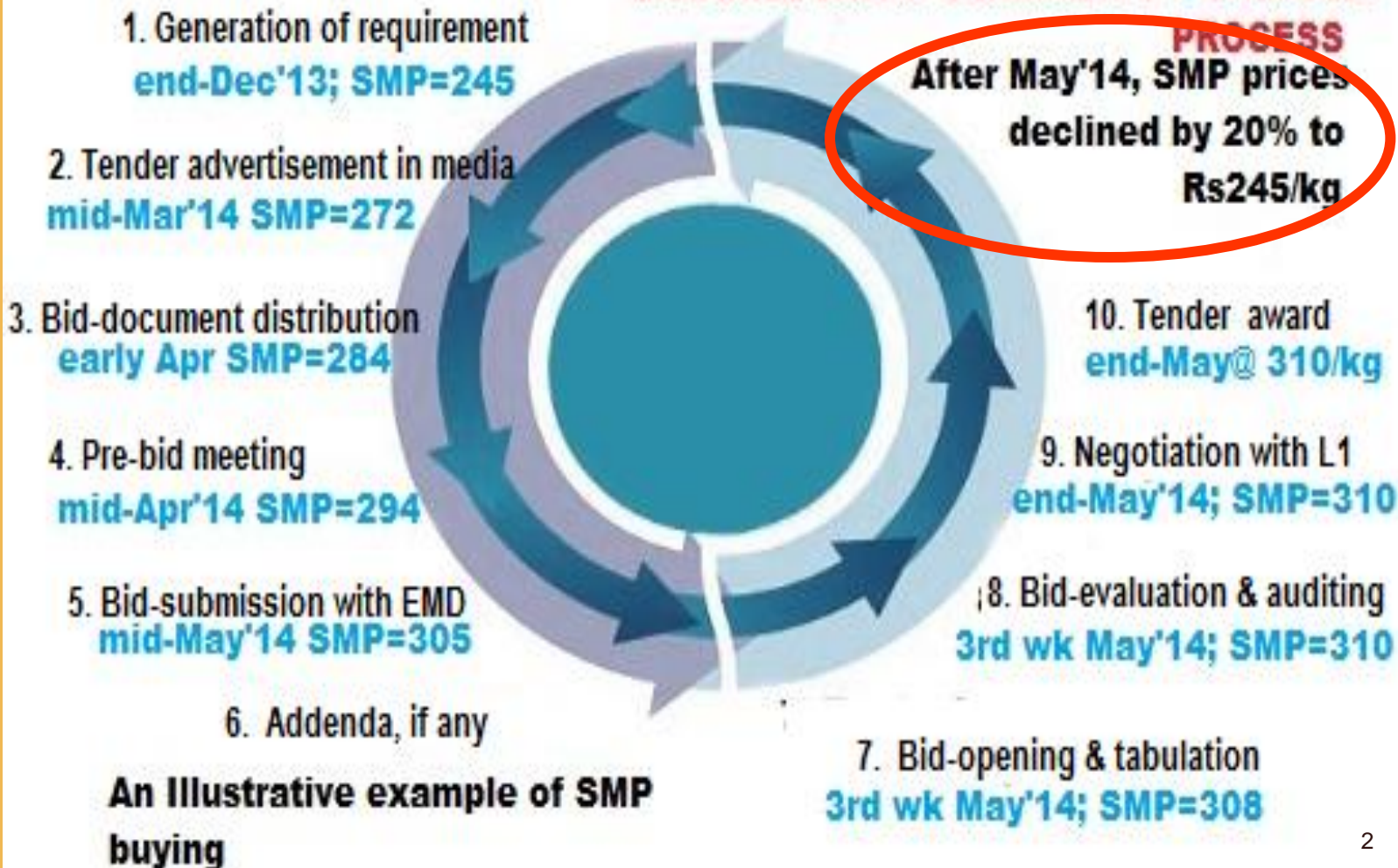
Welcome to presentation on

**National Platform for e-
Auction of dairy
commodities**



Time consumed in ongoing practice of purchasing commodities thro' tendering process

ONGOING DAIRY COMMODITY PURCHASE PROCESS



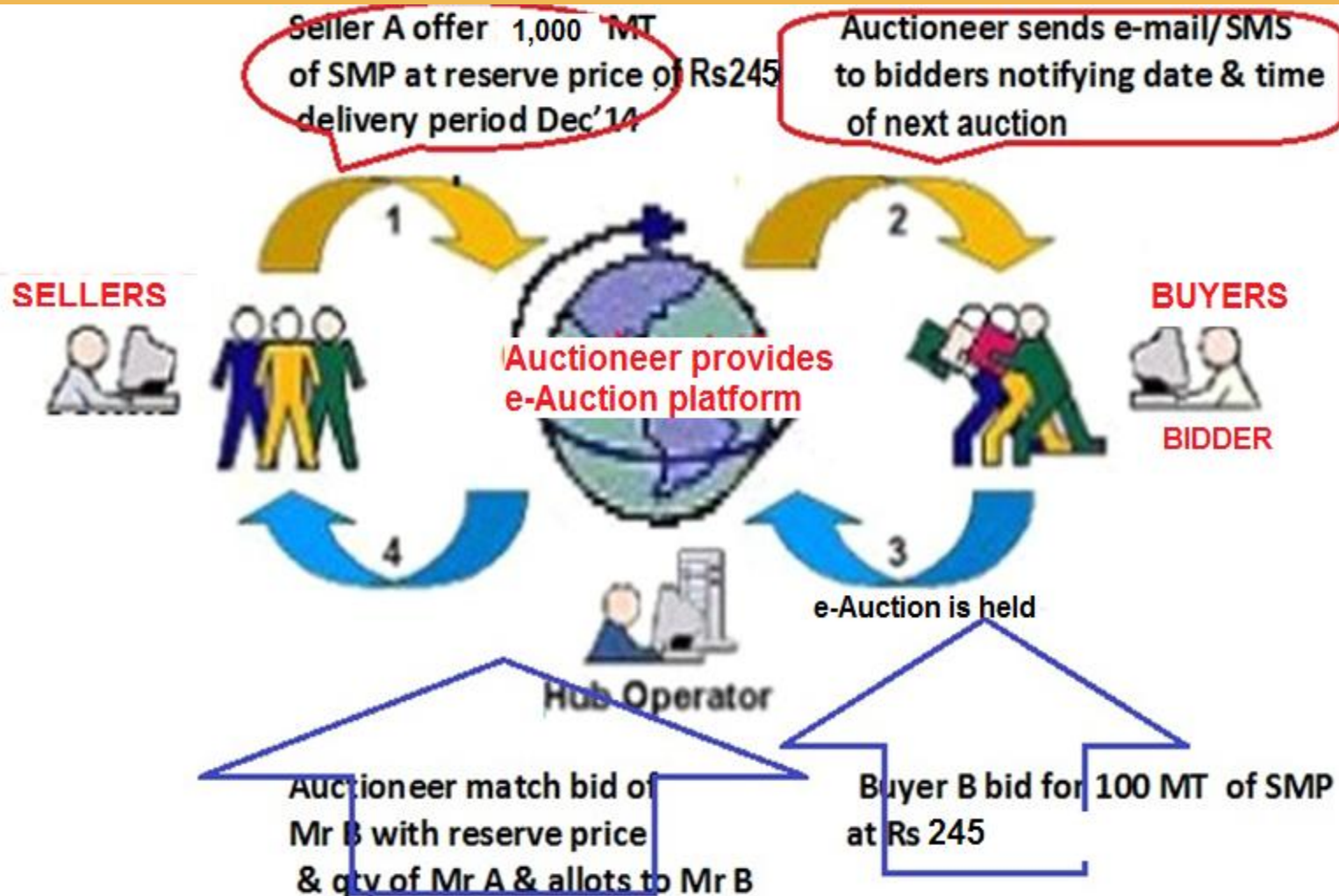
Drawbacks of ongoing tender purchase :

- Longer time cycle \longrightarrow price volatility
(SMP Rs 310 to Rs170 in 70 days)
- Prices discovery \longrightarrow localised
Oct'14 Metro Dairy purchased 2,000 MT SMP @ Rs 225
 - A Fed purchased 300 MT SMP @ Rs 157.
 - What is correct price ?
- KMF 500 MT SMP sale tender on 10th Nov'14 & BENMILK 600 MT SMP purchase tender on 14th Nov'14

Can't we have something like a National Grid for commodities?? To start with : e-AUCTION FOR DAIRY COMMODITIES ??

- Internet-based national platform on GdT model tapping e-payment, e-communication, e-bidding

Proposed e-auction framework for dairy commodities



HOW e-AUCTION FOR COMMODITIES WOULD WORK - PART 1

Y-axis represents qty of bids received. Qty wd decrease as price increases

Green line represent quantity that seller wants to sell

Qty on offer

X-axis represent offer price which increases after every round during the event

PRICE ANOUNCED EACH ROUND

TOTAL BIDS RECEIVED



HOW e-AUCTION WOULD WORK – PART 2

Seller post offer price (announced price) in their window using secret password. Seller can restrict buyers by setting bid limits for specific bidders to zero. Bidder can bid only up to his bid limit. Bid information is confidential & known to only relevant bidder (& the auctioneer).



HOW e-AUCTION WOULD WORK – PART 3

A bidder can bid in “Round 2” only if he has participated in “Round 1”. Moreover, he cannot bid for quantities more than those bid in “Round 1”. A bidder cannot reduce bid if announced price remains unchanged.



HOW e-AUCTION WOULD WORK – PART 4

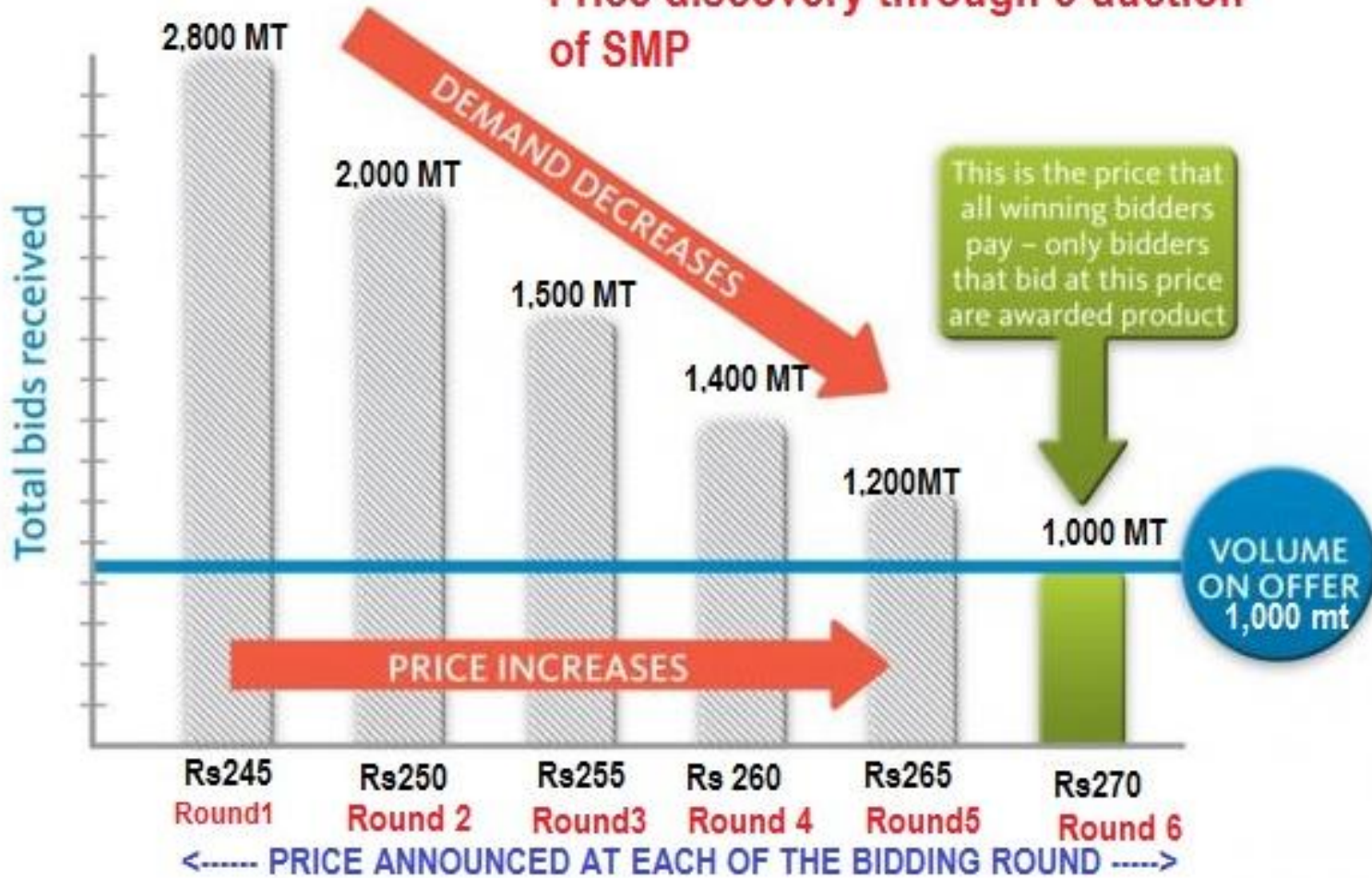
“Submitted bid” \implies “confirmed bids” \implies “accepted bids”.
After server confirmation, bids shall be irrevocable & binding to the bidder. If total bid qty is less than total offered qty in particular round, the auctioneer can roll back to previous round qty and rate.



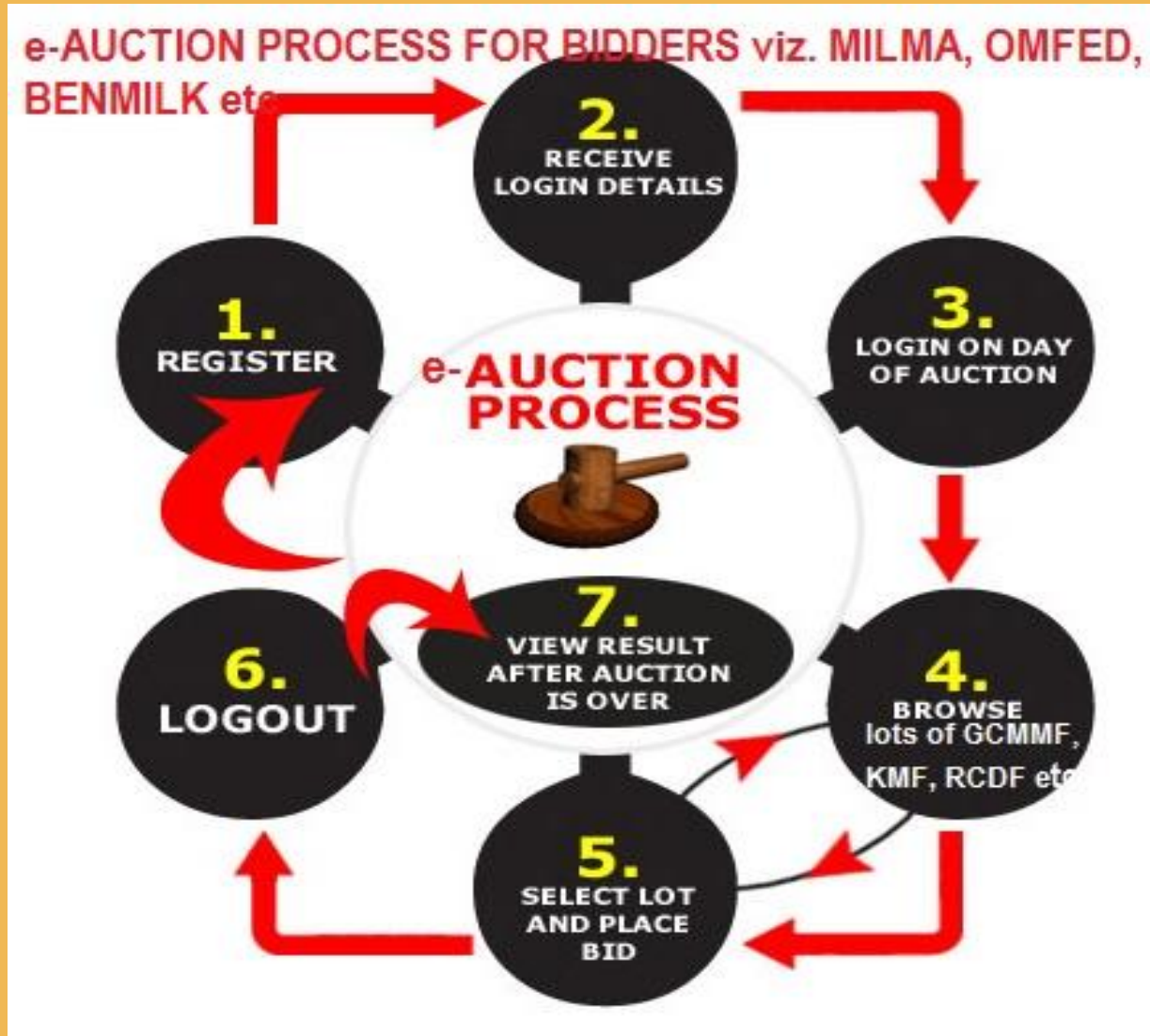
e-Auction process at a glance

Here's how it looks....

Price discovery through e-auction of SMP



e-Auction modus operandi for buyers



3 Phases of e-Auction

Phase I : Getting Started at Auction

BUYERS & SELLERS :

- **Registration** & creating “Profiles” – no agents or broker.
- **Activation Eligibility** : Document submission ##
- **Activation Confirmation**: Generation of **USERID**, **Membership & Trading passwords**.
- Sellers - Provide FSSAI registration, **product specifications (BIS)**, standard terms & conditions.

All expenses incidental to transactions to the Sellers and no fee or cost to bidder/buyers. Buyer/bidder ID only know to the auctioneer & respective seller. Bids once submitted and confirmed cannot be withdrawn.

VAT, PAN, 3 ITRs, BOD resolution, Bank Certificate, Photos, Photo ID, Registration fees & EMD transfer. Registration fee – Rs 10,000+12.36% tax, Annual Charges. EMD or BG which shall be 10% of bidding quantity.

3 Phases of e-Auction : Phase II - Bidding

1. Auction can be conducted at pre-determined time and date.
say 11 -12 pm of 1st & 3rd Wed, 3 rounds of 20 minutes.
2. Prior to commencement of each auction round, the auctioneer shall declare **“announced price”** for first round. Bidders **cannot bid lower than “announced price”** and exceed own bid limit. Bidding **qty are in pre-specified lots** (equi to one truckload). Bidder can revise bid any no. of time, but **cannot withdraw confirmed bid.**
3. Server tracks total demand at each stage of auction & intimates “seller” at the end of each round to obtain new offer price. Whenever demand-supply equilibrium is reached, it automatically allots quantities to the “confirmed bid”. **“Confirmed bid”** after allocation are **“accepted bids”** & bidder is called **“winning bidder”**

3 Phases of e-Auction:

Phase III- Post e-Auction

1. After the closure of e-auction, the auctioneer sends e-mail/SMS to both winning bidder & successful seller mentioning : i) auction details; ii) allotted qty; iii) rate; iv) delivery point; v) last date of payment etc.
2. Thereafter, successful seller to contact winning bidders & issue standardised Sale Confirmation Contract with Digital Signature which winning bidder shall accept within 48 hours. Hence, FMC Act permits it.
3. In case of default, bidder de-barred and fresh e-auction to take place.

Screen shots of e-auction

Bidders login

For bidding	Yes	
For reports	No	
UserID		
Membership password		
Bidding password		

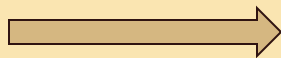
Bidding request

Seller	GCMMF	My data	
Commodity	SMP	My bid limit	500
Delivery Month	Dec'14	My bid qty	200
Reserve price	240	My bid price	245
Auction Round	2	My balance bid limit	250
Offered quantity	80,000	Bid valid till	End of auction
Total bid qty	25,000		
Status of bid	Open		
		Submit	Exit

Bidders order book

OMFED					
Bid time	Seller	Commodity	Delivery	Buy price	Buy qty
11:20	KMF	SMP	Dec'14	250	200
11:45	RCDF	SMP	Dec'14	230	300
11:50	GCMMF	SMP	Dec'14	240	100

e-mail offer



Seller

Type, quality, qty,
location, reserve
price

Auctioneer

e-mail notification



Sales information
document, date &
time of auction

Bidders

Seller	Commodity	Manufa. month	Quality	Packaging	Delivery point	Delivery date	Offered qty	Unit	Reserve price
GCMMF	Milk			Loose	Anand	Dec'14	1,00,000	KGPD	20
GCMMF	SMP			20kg bags	Mehsana	Dec'14	1,000	MT	240
GCMMF	Butter			15 kg tin	Palanpur	Jan'15	100	MT	275
GCMMF	Ghee				Palanpur	Feb'15	100	MT	310
GCMMF	Whey				Mehsana	Jan'14	200	MT	160
KMF	Milk				Banglore	Dec'14	50,000	KGPD	23
KMF	SMP			20kg bags	Banglore	Jan'15	500	MT	250
KMF	Butter			15 kg tin	Banglore	Feb'15	300	MT	280
KMF	Ghee			15 kg tin	Banglore	Feb'14	20	MT	300
RCDF	Milk			Loose	Jaipur	Jan'15	20,000	KGPD	22
RCDF	SMP			20kg bags	Kota	Dec'14	3000	MT	225
RCDF	Ghee			15 kg tin	Alwar	Dec'14	200	MT	290

**Pre auction
screen display
to bidders**

Screen displayed on bidders' computer during e-auction

Auction time remaining for current round								00:06:32			
Auction time remaining for event								00:30:45			
Name of the bidder/buyer								OMFED	18th Nov'14		
Seller	Commodity	Delivery point	Quality	Packaging	Offered qty	Unit of quantity	Deliver date	Asking price	My bid rate	My bid qty	Submit
GCMMF	Milk	Anand		Loose	80,000	KGPD	Dec'14	20			
GCMMF	Butter	Palanpur		15 kg bags	100	MT	Dec'14	275			
GCMMF	Ghee	Palanpur		15 kg tin	100	MT	Jan'15	310			
GCMMF	Wh							160			
KMF	Milk							23			
KMF	SMP							250	250	20	Enter
KMF	Butter	Banglore		15 kg tin	300	MT	Jan'15	280			
KMF	Ghee	Banglore		15 kg tin	20	MT	Feb'15	300			
RCDF				Loose			Feb'14				
				20kg bags	3000	MT					
RCDF	SMP	Kota					Jan'15	225	240	300	Enter
RCDF	Ghee	Alwar		15 kg tin	200	MT	Dec'14	290			

Summary screen display to bidders during e-auction (bidding screen would be different)

Bid submission

Confirmed bid

Accepted bid



Issues to be addressed:

- **Auctioneer? NCDFI or 3rd party ?**
- **Private bidders allowed?**
- **Milk & cattle feed included-liquidity?**
- **Small lot demands**
 - **HP, Uttaranchal, 7-sisters**

Thank You

