

1. BIDDING

1.1 Forward Bidding

Forward auction are basic auction where in buyers bid in incremental manner to secure product set in auction. Sellers and buyers can be individuals, organizations etc.

1.2 Book Building

Book building is a process of price discovery. The Buyers bid for the Products quoting the price and the quantity that they would like to bid at. After the bidding process is complete, the 'cut-off' price is arrived.

In order to create book building type auctions, provisions must be provided to define the “Number of Levels” and difference in value in each level.

The auction floor may be same as our existing Book Building module where all the bands are displayed and bidder is allowed to quote against each band:

The screenshot displays the 'Book Building Bid Events' page. On the left is a 'SELLER MENU' with options like Account Settings, Product Details, Enquiry, Future Demand, Future Supply, Bidding, and various bidding actions. The main content area shows a list of bid events. The first event is for 'FINGER MILLET (RAGI/MANDIKA)' with a floor price of ₹ 110 and 70% price discovery, created by 'Shri Test User' for 'Doorstep Delivery'. The second event is for 'FINGER MILLET (RAGI/MANDIKA)' with a floor price of ₹ 121 and 4% price discovery, created by 'Shri Test User' for 'Farmgate Delivery'. The third event is for 'COTTON (KAPAS)' with a floor price of ₹ 102 and 70% price discovery. Each event card includes a 'CLOSE THIS EVENT' button.

For a particular price band, bidder will be allowed to quote only above the current bided quantity and not below it. Also if bidder has quoted for a higher price band, he would be allowed to quote for the lower price bands.

The provision of auto extension should not be there.

On closing of the e-auction, system will calculate the “Discovered Price” i.e. the Price at which maximum revenue is generated e.g. If at 50/- price band 100 MT is booked and at 60/- price band 50 MT is booked, then since max revenue is generated at 50/- price band, it will be the discovered price. As per the concept of Book Building, allocation would be done at that particular price band provided minimum booking percentage specified by the Seller has been met (e.g. if seller has specified that, at least 80% booking has to be done, then final allocation to be made only if booking at the discovered price is 80% or more).

Input fields required:

Auction Creation/Edit:

1. New Event and Existing Event (This 2 radio buttons may be provided so that if the bidder clicks in New, the input box will open asking to insert Seller No and type of event and if Existing Event radio box is clicked, system will prompt to insert the event number)
2. Location (to be auto filled)
3. Auction start date and time
4. Auction Close date and time
5. Event view date; Inspection from and to dates.
6. Activate Auction (By default it may be selected No and seller would need to change it Yes as per their convenience)

Note: If the seller forgets to activate the auction, the auction number should populate in the link Auction Creation even after passing of the Auction Start time giving seller the scope to change the date, time and re-activate it.

Lot Entry:

1. Lot Number
2. Lot Name/Description (There may be a single field with word limit extended to 100 words)
3. Address/Location
4. State (in form of dropdown)
5. Unit of Measurement
6. Starting Band
7. Band difference
8. Number of bands

Links may be provided to the seller for view the allocation history and other relevant details like auction catalogue etc.

1.3 Reverse Bidding

A **reverse auction** is a type of **auction** in which sellers bid for the prices at which they are willing to sell their goods and services. In a regular **auction**, a seller puts up an item and buyers place bids until the close of the **auction**, at which time the item goes to the highest bidder.

1.4 Price Quantity Bidding

We may adopt the “single allocation per bidder” methodology for Price quantity bidding.

A certain quantity of material would be put up for auction. In the auction floor, Bidder will need to quote both **Quantity** and the **Price**. There may be a starting price for the material. Until there is residual material, bidders will be allowed to quote certain quantity at or above the Starting price. In case the bidder revises his own bid by changing the quantity or price, the earlier bid will be overwritten by the new one, provided it satisfies all the bidding conditions.

Once residual quantity becomes “0”, the process of de-allocation will start. De-allocation of already booked quantity will be based on Price and Time. 1st priority will be given to the bidder who is quoting the highest price. Therefore, while de-allocating the quantity, first the quantity of the bidder with L1 price is to be de-allocated followed by L2, L3... In case, 2 or more bidders have quoted the same price, de-allocation will be done from the bidder who has quoted at last.

In order to maintain the simplicity of the portal, we may remove the concepts of Pre Bid EMD, maximum booking. Functionality of the fields like Allocation Threshold and Min Booking may combine into one and it may be renamed appropriately. Similarly, Instead of Increment 1 and Increment 2, there should be only one increment field.

The auction floor must display the Name of the Item, Quantity, Starting Price, L1/H1 band for the lot, Input fields for Price and quantity, Bidding button, Button to check allocation History.

Basic Rules for bidding:

- 1) Bidder will initially be allowed to bid only at or above the starting price.
- 2) While revising his own bid, bidder will not be allowed to reduce the rate. He has to quote at least Rs 1 above the current rate.
- 3) Bidder would not be allowed to quote below the L1 rate (the H1/L1 band may be displayed for convenience).
- 4) **Example:** Suppose 1000 MT is put up for Price quantity bidding.

Current Residual Quantity	Bidder	Booking Quantity (In MT)	Booking Price (Rs)	Allotment status
1000 MT	Buyer 1	500	Rs 100	500 MT allotted
500 MT	Buyer 1	200	Rs 101	200 MT allotted and earlier bid overwritten.
800MT	Buyer 2	500	Rs 101	500 MT allotted to Buyer 2
300 MT	Buyer 3	400	Rs 101	Although quoted for 400 MT, only 300MT allotted since there is no more residue and bidder needs to increase their bid
0 MT	Bidder 4	500	Rs 102	500 MT allotted to Bidder 4. 300 MT de-allocated from Bidder 3 and 200 MT de-allocated from bidder 2, since price is same for Bidder 2 and 3 and therefore preference would be given to time. So current status of allocation: Buyer 1: 200 MT; Buyer 2: 300 MT; Buyer 3: 0 MT Buyer 4: 500 MT
0 MT	Bidder 3	500	Rs 103	500 MT will be allotted to Bidder 3. 200 MT gets de-allocated from Bidder 1 and 300 MT gets de-allocated from Buyer 2, as their Price is lower than Buyer 4.

Input fields required:

Auction Creation/Edit:

1. New Event and Existing Event (This 2 radio buttons may be provided so that if the bidder clicks in New, the input box will open asking to insert Seller No and type of event and if Existing Event radio box is clicked, system will prompt to insert the event number)
2. Location (to be auto filled)
3. Auction start date and time
4. Auction Close date and time
5. Event view date; Inspection from and to dates.
6. Activate Auction (By default it may be selected No and seller would need to change it Yes as per their convenience)

Note: If the seller forgets to activate the auction, the auction number should populate in the link Auction Creation even after passing of the Auction Start time giving seller the scope to change the date, time and re-activate it.

Lot Entry:

1. Lot Number
2. Lot Name/Description (There may be a single field with word limit extended to 100 words)
3. Address/Location
4. State (in form of dropdown)
5. Unit of Measurement
6. Starting Price
7. Taxes (If any)
8. Minimum Booking
9. Multiples of
10. Increment (once entered other than 1, bidders has to increment there bid in multiples of this value)

Separate links may be provided to View auction catalogue, Bid Sheets, Bid History to the seller.