



टीबोर्डभारत Tea Board India
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Ref. No.6(29)/LC/Japanese Auction/2020/ 13165

Dated: 23/11/2021

To,

All Auction Organisers

Subject: Changes in Japanese Auction Model

Sir(s),

This is regarding the stakeholders' meets held at Guwahati, Siliguri and Kolkata on 24.09.2021, 30.10.2021 and 08.11.2021 respectively, wherein the new auction model, was presented before the seller, buyer and broker members for understanding the new system. Subsequently some change requests were received from the stakeholders for incorporation in the new model. The same have been examined by Tea Board and the followings are approved by the Competent Authority for incorporation in the new model.

Sl. No.	Changes sought by the stakeholders	Changes suggested by	Comments of Tea Board
1.	SPU should not be in multiples of 30. Anything above 30 should be big lot and below 30 should be small lot. Big and small should be in main catalogue. Feasibility of "-S" needs to be confirmed	Guwahati	It is proposed that the teas may be allowed to pack in minimum package size depending upon the type and grade and manufacturing season. Any lot packed in deviation of the standard deviation rule will find its place in the smaller catalogue/ supplement catalogue. This will also remove the necessity of holding a separate session for smaller lots.
2	Reserve Price modification should be allowed for every session. Time may be given upto 15 minute prior to each session to the auctioneer to modify the RP.	Siliguri	The matter has been examined and accordingly, the auctioneers will be allowed to fix the reserve price of every session upto 15 minutes prior to that session actually goes live.
3	Difference between Base Price and RP should be at least 1 rupee.	Kolkata	Agreed
4	PRS session to be conducted at the end of sale of the week instead of every day after the sale.	Guwahati	It is to highlight that the PRS have been suggested in the IIM report with the objective to bring down the percentage of outlots in the auction, thereby giving additional chance to the sellers and

	30 mins is not sufficient for buyers to provide MBP for PRS. Buyer activity for PRS to start after normal session.		buyers to sell and purchase their teas. At the same time it is also to be ensured that the PRS session should be held in a time effective manner to ensure longer participation. Therefore, in order to handle the PRS session effectively, it is proposed that the auction organisers may be given the liberty of scheduling PRS session as per the requirement of the centre either at the end of the day sale or at the end of the week sale depending on the volume of the PRS lots.
5	PRS charges to be reviewed. Charges should be flat amount.	Kolkata	The seller PRS charges have been reduced to 1% of the deal value after thorough examination.
6	Auction system should show Indicators as per Rank. E.g. H1 (H-Highest, 1 -First)	Kolkata	Agreed
7	System to pickup my comments and group code for PRS from normal session	Guwahati	Agreed
8	File upload required for group code	Guwahati	Agreed


It may also be conveyed that at present the tea auctions are running on the English model of auction. IIM study has suggested to change the mode of operation from English auction to Japanese mode of auction to achieve greater efficiency in the auction procedure. Moreover, it is worthwhile to mention now that although the basic auction model is based on the Japanese mode of auction, which primarily talks about entry of buyers before the session goes live and pre-determined incremental bid price, there are many other features which have been incorporated by Tea Board after due consultation with the stakeholders and as per requirement of the tea auction. Therefore, it is proposed to rename the auction model at this stage in a more appropriate manner and hence may be termed as **Pan India "Bharat Auction"** from now onwards in place of Japanese auction.

A broader rule on the Pan India "Bharat Auction" will also be rolled out shortly by Tea Board.

Yours faithfully,
Sd/-
(Rajanigandha Seal Naskar)
Controller of Licensing

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|---------------------------------|---------------------------|
| 1. Executive Director, Coonoor | } ...For kind information |
| 2. Executive Director, Guwahati | |
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