



TEA BOARD
14 B.T.M. Sarani
Kolkata-700001

: www.teaboard.gov.in

: 033-2235 5571 : 2235-9677

: clteaboard@gmail.com

Ref No. 6(29)/LC/Gen/2011-13/P-I

Date-18/02/2016

To

| | | |
|---|--|---|
| The Secretary, Calcutta Tea Traders Association (CTTA), 6, Netaji Subhas Road, Kolkata -700 001 | The Secretary, Guwahati Tea Auction Committee (GTAC), G S Road, Dispur, Guwahati - 781 006 | The Secretary, Siliguri Tea Auction Committee (STAC), P.O. Pradhan Nagar, Mallaguri,Siliguri - 734 403 |
| The Secretary, Tea Trade Association of Cochin (TTAC), Tea Trade Centre, Indira Gandhi Road, Willington Island,Kochi – 682 003 | The Secretary, Tea Trade Association of Coimbatore (TTAC), Tea Trade Centre, 7/65, Mettupalayam Road, G N Mills P.O.,Coimbatore – 641 029 | The Secretary, The Coonoor Tea Trade Association (CTTA), Tea Community Centre, 30E, Quail Hill, Coonoor-643101,Niligiris |
| The Secretary, North Bengal Tea Auction Committee, Shibaji Road, Hakimpara, Jalpaiguri – 735 101 | | |

Sub: Pan India Auction Rules.

Sir,

This is in supersession to our earlier letter ref. no 6(29)/LC/Gen/2011-13/P-I/5078 dated 01.10.2015 on the above mentioned subject. Consequent upon circulation vide said letter dated 01.10.2015, Tea Board has received suggestions from various stakeholders on certain rules. A meeting with concerned stakeholder's under the Chairmanship of Additional Secretary, Ministry of Commerce & Industry was also held on 26th November, 2015. As per decision taken during the meeting, a small committee with representatives from the auction centres was formed to review the suggestions of the stakeholders.

The Pan India Auction Rule as has been finalised by the Board is enclosed herewith for information and necessary action. The suggestions of the committee have also been incorporated, wherever deemed fit by the Board.

It is also informed that Tea Board has selected "**Bank of India**" to act as the Settlement Bank for the Pan India Auction system. The selection has been made by inviting applications through Expression of Interest published by the Board.

The detailed guideline and instructions in regard to the procedure to be followed in the Settlement Banking System will be issued in due course. The implementation schedule in regard to Pan India Auction module will also be rolled out by Tea Board shortly and the same will be conveyed to all concerned.

Please acknowledge receipt of this letter.

Encl. As stated

Yours faithfully

Sd/-

(Rajanigandha Seal Naskar)
Controller of Licensing

The Executive Director, Guwahati
The Executive Director, Coonoor
The D.D.T.D., Siliguri
The D.D.T.D. Palampur

} For kind information.

PAN India Auction Rules

| A. General Principles of Auction Sale | | |
|--|---|--|
| 1. | Primary condition of Auction Sale | <p>All rules of an auction organiser made before commencement of the Pan India auction rules, except wherever specified or rules inconsistent/repugnant to Pan India auction process shall continue in force. The Pan India auction rules shall be implemented in conjunction with the directives issued by the Chairman, Tea Board from time to time.</p> <p style="padding-left: 40px;">a. The following members shall be eligible for participating in the Pan India Auction system:</p> <ul style="list-style-type: none"> I. Registered manufacturers of Tea Board under the provision of The Tea (Marketing) Control Order, 2003. II. Registered buyers of Tea Board under the provision of The Tea (Marketing) Control Order, 2003. III. Registered brokers of Tea Board under the provision of The Tea (Marketing) Control Order, 2003. IV. The registered buyer should have registration of any one auction organiser for participating in the Pan India Auction process. The buyer registered with one auction organizer shall be permitted to bid in the auction conducted by all other auction organisers. V. The auction organisers shall lay down the criteria, regulatory/ statutory registration requirements and other terms and conditions for granting registration to members. The criteria and terms and conditions laid down by the auction organiser for granting registration, including any amendments thereto shall be communicated to the Tea Board and shall be effective only after prior approval from Tea Board. |
| 2. | All Sales and Purchases to be subject to prescribed Terms and Conditions | <ul style="list-style-type: none"> a. All sales and purchases of teas in auction centers shall be governed by a single rule prescribed by Tea Board from time to time, except specifically mentioned. b. Unless otherwise specified, any dispute between members arising from the sale of teas in e-auctions |

| | | |
|----|--|---|
| | | shall be dealt by the concerned auction organiser under whose ambit the particular sale has happened. |
| 3. | The basis of sales regarding the nature of each tea | <p>a. The sample distributed before the sale, having been drawn by the broker from the lots offered for sale, shall form the basis of the sale as regard the nature and description of the tea, but not the state and condition thereof, unless otherwise provided in the e-auction catalogue. Buyers must take all reasonable steps to satisfy themselves as to the state and condition of the tea before their removal from the warehouse. The warehouse keepers shall extend necessary co-operation to the buyers in this connection.</p> <p>b. Claims on grounds of quality made after removal of the packages from the registered warehouses shall not be entertained unless the selling broker is of the opinion that the defects complained of would not have been discoverable despite the taking of such steps by the buyer within the prescribed period before the sale.</p> <p>c. Claims regarding defects made subsequently shall, if there be a dispute, be referred to Adjudication Committee appointed as per the Rules of the auction organizer.</p> |
| 4. | The subject of each contract | Each chest/ package/ bag in a lot shall be treated as if it were the subject of a separate contract for the purposes of knockdown price, etc. pertaining to the e-auction. |
| 5. | Brokers not to be interested in purchase of tea | Broker members, including their Partners/ Directors shall provide an undertaking to the auction organiser that they shall not be interested, either directly or indirectly, in purchase or shipment of tea which would in any way interfere with the interests of the buyer members of the auction organiser. |
| 6. | Brokers not to handle each other's teas | Brokers shall not handle or in any way deal with teas given to another broker for sale unless such teas have been withdrawn from the first broker by the seller member authorised to do so. |
| 7. | Brokers not to be owners of tea | Brokers shall not be the owners of tea under any circumstances. |

| | | |
|---|--|--|
| 8. | Auction Transaction & Service Level Audit | <p>a. The auction organiser shall periodically arrange for an auction transaction audit and service level audit by an audit agency nominated by Tea Board to ensure conformity to the e-auction rules and related directives issued by the Board in this regard from time to time.</p> <p>b. The scope, periodicity/ frequency and coverage of such audits shall be decided by the auction organiser based on directives/ guidelines issued by the Tea Board. Changes suggested in this regard by the Tea Board from time to time shall be duly incorporated.</p> <p>c. The charges for conducting such audits shall be borne by the Auction Organiser.</p> |
| B. Rules relating to pre-sale activities | | |
| 9. | Receipt of teas at Registered Warehouses | <p>a. The teas to be offered for sale in the e-auction shall be stored in warehouses registered with the auction organiser and licensed by Tea Board under the provision of relevant orders issued from time to time under provisions of the Tea Act.</p> <p>b. All teas received for sales at the warehouse shall be gross weighed on electronic scale by the warehouse authorities at the time of entry into the warehouse. Where the gross weights vary from those marked on the packages, the ascertained gross weights shall be marked on the packages with the prior approval of the seller or concerned broker, if he has been appropriately authorised by the seller in this regard. The ascertained gross weights shall be marked on the packages without tampering the package or its contents in any way.</p> <p>c. Buyers and sellers shall be bound by such gross weights for the purpose of bidding at e-auctions.</p> |

| | | |
|-----|--|--|
| 10. | Preparation of Arrival and Weighment Report | <ul style="list-style-type: none"> a. As soon as the teas have been weighed, the warehouse authorities shall prepare the Arrival and Weighment Report (AWR). AWR should not be prepared unless the teas are physically present in the warehouse. The AWR shall contain all details specified by the auction organiser. b. The AWR shall be sent by the warehouse authorities to the Auction Organisers who in turn will send it to the brokers. The warehouses will send copies of AWR directly to the sellers. c. The warehouse authorities shall provide specific information about the AWR, in the format and manner required by the Pan India auction platform. The information provided shall match with the information contained in the AWR. |
| 11. | Inspection of tea by Brokers and drawl of Samples | <ul style="list-style-type: none"> a. Brokers shall draw samples from the lots after cataloguing. b. Brokers shall inspect each lot entrusted to them for sale and shall draw samples in the manner prescribed by the auction organiser from time to time. b. The teas shall be inspected by the brokers in respect of all parameters specified by the auction organiser or the Tea Board and details of the same shall be included in the catalogue against the respective lots. c. Teas, which upon inspection are found to vary from the major portion of the bulk, shall be notified by the broker to the seller/ auction organiser. In such cases, the seller shall have the option of re-offering the tea after re-bulking/ rectification or withdrawing the teas from the warehouse. d. The details of re-bulked / rectified teas shall be intimated by the broker to the auction organiser before cataloguing of the teas. e. The quantity of samples to be drawn from the lots shall be a fixed quantity (in kilogram terms), i.e., the sample quantity shall not vary depending on the actual quantity of each lot. f. While prescribing the quantity of samples to be drawn from each lot, the auction organiser shall follow the directives issued by the Tea Board in this regard from time to time. |
| 12. | Eligibility of buyers to receive Free Trade Samples (FTS) | <ul style="list-style-type: none"> a. The maximum volume of sample to be collected from a lot is 7600 gm and the eligibility of the member buyer to receive FTS and the quantity thereof shall be fixed by the auction organiser considering the transaction volume by the buyer and the same should be implemented on prior intimation to and approval from Tea Board. |

| | | |
|--|--|---|
| | | <p>b. The non-member buyers shall not be eligible to get free samples. Samples have to be purchased by them and the cost of the sample shall be determined by the auction organizer based on the directive issued by Tea Board earlier in this regard.</p> <p>However, to increase efficiency of the system, the distribution of free trade samples shall be eliminated by Tea Board in a phase wise manner. However, samples shall be available to the buyer after making certain payments as decided by auction organizer based on the directive of Tea Board issued from time to time.</p> |
|--|--|---|

| | | |
|------------|---|--|
| 13. | Packing and Delivery of FTS | <p>a. The existing rule in relation to packing and delivery of FTS to the member buyers will be followed. However, for non members, the purchased sample by the buyer will be collected by the nominated courier agency (by the buyer) from brokers' offices. The courier charges shall be borne by the buyer.</p> <p>b. All the samples to be delivered to buyers shall be machine packed.</p> |
| 14. | Cataloguing | <p>a. The catalogues are to be printed for CTC Leaf, all dust, orthodox leaf, Darjeeling leaf and supplement catalogues.</p> <p>b. Teas shall not be catalogued by the broker unless he is in possession of the corresponding AWR and Garden Invoice</p> <p>c. The primary right of deciding the Sale No. in which the warehoused teas shall be catalogued shall be with the seller. The seller may, if he so desires, delegate this right to the broker.</p> <p>d. The auction organiser may, from time to time, specify the maximum lots of teas which can be catalogued for sale in a Sale Programme, for different categories of tea. In such case, the seller will have to abide by this overall cap specified by the auction organiser, if any.</p> <p>e. The broker shall prepare a catalogue of the teas being offered for sale through him, which shall at least contain the details prescribed by the auction organiser for each lot offered for sale.</p> <p>f. The catalogue shall be prepared within the time limit prescribed by Tea Board.</p> <p>g. These catalogues shall be made available to all the e-auction participants in electronic form.</p> |
| 15. | Catalogue closing and publishing | The catalogue closing time shall be followed as detailed below across all the centers. |

| | | |
|------------|--|---|
| | time | <p>April & May- Maximum of 15 days</p> <p>Rest of the month-Maximum of 19 days</p> <p>The catalogue publishing time shall be one (01) day after the catalogue closing time.</p> <p>For increasing efficiency of the system , the rule shall be reviewed after 1 year with a purpose to reduce the catalog closing time further for all seasons</p> |
| 16. | Withdrawal of lot | Withdrawal of lot from the published catalogued shall be allowed only on the quality ground after evaluating the same by the broker. |
| 17. | Tasting and Valuation of Tea | The broker shall undertake tasting and provide his valuation of the teas offered for sale in his e-catalogue within the time limit stipulated by the auction organiser before the auction date. |
| 18. | Disclosure of the origin of all teas offered for sale | <ul style="list-style-type: none"> a. Only teas of Indian origin shall be permitted to be catalogued. b. All Indian teas shall be identified with the "Plantation District" as origin of tea based on the location of tea factory and such "Plantation District" shall be out of the existing list of the Tea Board. c. All teas shall be identified by an appropriate "mark", registered with concerned auction organiser, which should not be misleading in nature. The list of such registered mark, owner of such mark along with R.C. No granted by the Tea Board in favour of owner of such mark under the Tea (Marketing) Control Order shall be intimated to the Tea Board by the auction organiser time to time. d. Only Marks registered with the auction organiser shall be catalogued e. The auction organisers shall maintain a database of all estates/factories registered under TMCO, with the Tea Board and shall not register estates/factories which are not registered with the Tea Board. |

| | | |
|-----|---|---|
| 19. | Grading | <p>a. The teas to be offered for sale through the e-auction shall be graded as per the directions/ guidelines laid down by the Tea Board from time to time.</p> <p>b. The grade of the tea should be marked on the package and shall also be disclosed in the Seller's Invoice and AWR.</p> <p>c. The broker, as a part of his inspection of tea, shall verify that the tea has been properly graded and shall also disclose the grade in the catalogue.</p> <p>d. In case the broker feels that the marking of the grade is incorrect, he shall modify the marking in consultation with the seller, to ensure conformity with the guidelines issued by the Tea Board from time to time. Such modified grade shall also be updated by the broker in the e-catalogue.</p> <p>e. In case the broker feels that the tea has been incorrectly graded, he shall intimate the seller for further action in respect of the same.</p> |
| 20. | Packaging | <p>a. Teas offered for sale through the e-auction shall be packed in specific type of packages as per the directions/ guidelines laid down by the Tea Board from time to time.</p> <p>b. Teas shall be packed in fresh packages only. Use of re-used packages shall not be permitted.</p> |
| 21. | Damaged Teas, Second-hand and Re-packaged teas | <p>a. Damaged teas (partly/ fully Damaged) shall not be catalogued and offered for sale in auction</p> <p>b. Salvaged teas conforming to FSSAI parameters (only chemical) shall be separately catalogued in a Supplement Catalogue and shall be marked as such in the catalogue.</p> |
| 22. | Food Safety and Standard Authority of India (FSSAI) and Plant Protection Code Circular (PPC) | <p>a. Sellers shall ensure that the teas offered for sale through the e-auction meet the specifications/ guidelines prescribed under the Food Safety and Standards Authority of India (FSSAI) as amended from time to time.</p> <p>b. In case of a doubt on the conformity of the teas to FSSAI specifications/ guidelines, the broker shall send the teas for chemical analysis, the cost of which shall be borne by the seller.</p> <p>c. Only teas conforming to the FSSAI shall be catalogued and offered for sale.</p> <p>d. The teas offered must comply with the Plant Protection Codes (PPC) prescribed by Tea Board from time to time.</p> |

| | | |
|------------|---|---|
| 23. | Sellers' undertaking to the Auction Organiser and Broker | <p>a. The seller shall indemnify the auction organiser and the broker/ buyer members from any liability arising out of the sale of tea under the Food Safety and Standards Authority of India (FSSAI)</p> <p>b. The seller should also submit the declarations as required and mentioned in the directives on Plant Protection Codes (PPC) issued by Tea Board from time to time.</p> |
| 24. | Warranty to Buyers | The broker shall stamp the warranty in the manner and form prescribed by the FSSAI norms and PPC directives on all his contracts and bills to buyers. |
| 25. | Teas to conform with FSSAI, PPC, other directives | All teas offered through the auction system shall meet the prescribed guidelines in relation to FSSAI, PPC and any other directives issued by Tea Board from time to time. |
| 26. | Certified Weights | <p>a. Teas shall be sold on warehouse certified weights less the sampling quantity specified by the auction organiser from time to time.</p> <p>b. Where gross weighments show fractions of a kilogram, such fractions shall be treated as per the rules specified by the auction organiser in this regard.</p> |
| C. | Rules relating to Sale activities | |
| 27. | Auction Day | Auction will be held any day/s between Monday to Saturday from 8.30 a.m to 6 p.m with a lunch break from 1 p.m to 2 p.m. along with extended hours whenever necessary. |
| 28. | Mode of Auction | <p>a. Auctions shall be conducted only on electronic trading platform(s) deployed/ approved by Tea Board.</p> <p>b. In case of a prolonged disruption of the e-auction system, the auction organiser shall follow the contingency plan specified by the Tea Board.</p> |
| 29. | Login Protocols | <p>a. Each authorised e-auction participant will be mandatorily assigned a unique login to enable him to participate in the e-auction.</p> <p>b. Associate ID's shall be provided to the buyers as per their requirement for participating in the auction system.</p> <p>c. The respective participants shall be responsible for the security of their login details, passwords, personalised statements, etc. All transactions recorded in the e-auction trading platform against an individual login/ID will be binding on the concerned participant.</p> |
| 30. | Location of e - auction | a..Buyers shall have the option of participating in the e-auction either from the Auction Hall or from any other |

| | | |
|------------|---|---|
| | | <p>location (through the remote bidding facility provided by the e-auction platform).</p> <p>b. Bids received by both means shall be considered valid and binding.</p> |
| 31. | Weight and Currency | Lots shall be sold in Kilogram and in Indian Rupees only. |
| 32. | Registered buyers permitted to bid in the e-auction | <p>a. Buyers registered with the Tea Board under the Tea (Marketing) Control Order 2003 and registered with any one auction organiser shall only be permitted to bid in the e-auction. The buyer registered with one auction organizer shall be permitted to bid in the auction conducted by all other auction organisers.</p> <p>b. For interstate purchase, the buyer participating and purchasing in the interstate purchase shall have to mandatorily declare his Central Sales Tax (CST) number.</p> |
| 33. | Identity of the bidders | a. Total anonymity of buyers shall be maintained when the catalogue is open for bidding. |
| 34. | Lot Sizes | For North India, the lot sizes mentioned as per Annexure-I shall be followed. South India shall follow their existing norms on lot sizes. |
| 35. | Bidding Sessions, opening of lots and activation of lots for knocking down | a. Existing practice shall be continued in both North & South India. However, to increase efficiency, the system of dividing the entire auction process of a day into finite sessions shall be adopted by all auction centres in future. |

| | | |
|-----|--|---|
| 36. | Starting Bid and rate of advancement of Bidding | <p>a. Starting bid for any lot shall be a whole number (without decimal).</p> <p>b. The rate of advancement of bidding shall be Re. 1 or in multiples thereof.</p> <p>c. The auction organiser shall obtain prior approval of the Tea Board for any changes in the rules regarding starting bid and rate of advance of bidding.</p> |
| 37. | New Auto Bid Logic | <p>Auto-bid logic will trigger when more than one bidder bids for a single lot and the total number of packages bid for exceeds the actual lot size, in that case the lowest bidder/s will be eliminated from the system and the lot will be shared between the highest bidders as per their respective bidding quantity and price.</p> |
| 38. | Base Price | <p>a. Subject to any directions issued by the Tea Board in this regard, the seller shall have the option of specifying the Base Price for each lot offered for sale and the same shall be entered in the e-auction platform by the broker on behalf of the seller, at least 24 hrs before the starting of the sale.</p> <p>b. Base Price shall be visible to all buyers and other auction participants.</p> <p>c. The e-auction system shall not accept any bid below the Base Price.</p> <p>d. In the absence of the broker not specifying any Base Price, the default setting for the e-auction platform will be Re. 1 per kg.</p> <p>e. No change in the Base Price of a lot shall be permitted after auction catalogue is visible/ available to the buyers.</p> |
| 39. | Reserve Price | <p>a. The Reserve Price for each lot offered for sale shall be entered by the broker based on the instruction of the seller or based on the judgement of broker on the market</p> <p>b. Reserve Price shall not be visible to the buyers, in general.</p> <p>c. Till the time a lot has not been activated for knockdown, the broker shall be allowed to change the Reserve Price upward or downward. Once the lots become active, only the broker shall be allowed to change the Reserve Price downward.</p> |
| 40. | BP=RP button | <p>The existing system of meeting the reserve price of the lot by the bidder by clicking on the BP=RP button in the system will be continued.</p> |
| 41. | Active lots and Duration of | <p>Minimum 5 and maximum 10 lots in a minute shall be followed across all auction centres.</p> |

| | | |
|------------|---|--|
| | Active lots | |
| 42. | Parallel Auction | Existing practice shall be continued in both North & South India |
| 43. | Proxy Bidding | Deleted |
| 44. | Division of Lots | <p>a. The divisibility of the lots will be-</p> <p>For North India & South India</p> <p>Upto 20 packages-1 buyer Anything between 21-40- 2 buyers Anything between 41 & more-3 buyers</p> <p>For Darjeeling</p> <p>Upto 15 chest or 30 paper sacks-1 buyer More than 15 chest or 30 paper sacks -2 buyers</p> <p>b. A buyer is allowed to bid in the auction only for the entire lot.</p> <p>c. However, he may opt to share and/ or to buy part of the tea at the knock-down price.</p> <p>d. The buyer is allowed to share any lot only when the lot is knocked-down in his favour and co-buyer/ buyers shall be selected automatically by the e-auction platform.</p> <p>e. Since the buyer bids for the entire lot, any unshared/ residual quantity will be on the account of the winning buyer.</p> <p>f. Buyer is eligible to buy part of any lot as a co-buyer/ buyers from the winning buyer if he is identified as the co-buyer automatically by the e-auction platform.</p> <p>g. The buyer winning the lot shall not have the option to select the buyers with whom he intends to share the lot/lots. The division of the lot among the buyers shall be decided automatically by the e-auction platform using the „price time“ priority principle.</p> |
| 45. | Minimum Number of Packages to be shared/ purchased for a divided lot | The minimum number of packages that each buyer should share/ purchase for a “divided” lot can be prescribed by the auction organiser after obtaining approval from the Tea Board. |
| 46. | Knocking down | a. After the expiry of the time for which lots remain active, the active lots where the highest bid price is equal to |

| | | |
|------------|---------------------------------------|---|
| | of lots and conclusion of sale | <p>or more than the Reserve Price shall be automatically knocked down in favour of the bidder on the basis of "time" priority of receipt of the highest bid.</p> <p>b. The broker shall have no right to decide against knocking down the tea in case the highest bid is equal to or more than the Reserve Price.</p> <p>c. Subject to Rule 34, the timing for disclosing the identity of the winning buyer shall be after knockdown of the lot.</p> |
| 47. | Reopening of Bids | <p>Lots which do not get knocked down will not be re-opened for bidding in the same Sale Programme unless prior permission is obtained from the Tea Board. However, lots affected due to system failure shall be re-opened for bidding in the same Sale Programme.</p> |
| 48. | Handling Unsold Lots | <p>The options available to the seller in respect of Unsold Lots will be:</p> <p>i. Withdrawal of entire unsold lot from the auction system;</p> <p>ii. Cataloguing in the Supplementary Catalogue of the next Sale Programme without sampling will be allowed.</p> <p style="text-align: center;">Or</p> <p>Reprint in a fresh catalogue with sampling. However, it should not be marked as reprinted teas in the fresh catalogue.</p> <p>iii. In case of any private sale, the details are to be intimated to Tea Board and concerned auction organizer in writing immediately after sale.</p> |
| 49. | Mistakes in bidding | <p>a. All entries/ bids made by parties participating in the e-auction will be binding. However, the buyers shall be allowed to withdraw their bid for a lot till it has become "active".</p> <p>b. To prevent mistakes in bidding, the e-auction platform provides the facility wherein buyer's confirmation is required for bids which are higher by a specified percentage than the prevailing highest bids. This percentage shall be specified by Tea Board from time to time after consultation with auction organisers (at present the percentage is defined as 10%). The percentage so specified by Tea Board shall be uniform across all centres.</p> |

| | | |
|-----------|---|---|
| 50. | Handling outages/ Emergencies | <p>a. In case of stoppage in the e-auctions due to technical/ emergency/ any other reasons, lots active at the time of the stoppage shall be made “re-active” after the problem is resolved.</p> <p>b. In the unlikely event of loss of records of a complete Sale Programme or part thereof, the lots shall be re-catalogued and re-offered for bidding in the subsequent Sale Programme without sampling.</p> <p>c. Issues arising out of handling stoppages/ emergencies, if any, shall be resolved by the auction organiser and shall be binding on all members. Any unresolved issues shall be referred to the Tea Board, whose decision shall be final.</p> |
| 51. | Excise/ Cess/ Sales Tax/ VAT/ GST | <p>a. The bid prices at the e-auction shall be inclusive of Excise Duty and/ or Cess at the rate for the time being in force, as levied by the Central Government under the Central Excise Act, 1944, and the Tea Act, 1953, as the case may be, including any subsequent amendments thereto.</p> <p>b. The bid prices at the e-auction shall be exclusive of Sales Tax/ Value Added Tax/ GST, as applicable.</p> <p>c. The sales tax rules shall be followed wherever applicable.</p> <p>d. The buyer has to mandatorily submit Form ‘C’ for inter-state sale within 3 months from the date of purchase. In the absence of which the buyer would be debarred from bidding by the auction organizer and has to pay a penalty to his controlling auction centre for participation in future auction programme.</p> |
| 52. | Details of sale to be available in public domain | <p>a. Details of the sale (winning buyers, bid history, etc.), will be available to the members of respective auction organizers after the sale programme.</p> <p>b. The bid history for all lots knocked down on a particular day will be available to members free of charge upto midnight of the auction day after completion of all sessions at the auction centre concerned.</p> <p>c. Archived bid history will be available to members against payment of charges as specified by the auction organizers with the prior approval of the Tea Board.</p> <p>d. The auto bids and limit prices entered by the buyers shall not be disclosed to any member. However, details of sale shall not be made available to the public domain.</p> |
| D. | Rules relating to Post-sale activities | |

| | | |
|------------|---------------------------|--|
| 53. | Issue of Tax Notes | <ul style="list-style-type: none">a. Broker members shall issue tax invoices to the buyers as per the Deal Book.b. The broker shall issue one tax invoice for the entire lot bought by a buyer, except in case of division of lots, where separate tax invoices shall be issued to permissible buyers, (as per the applicable divisibility rule). |
|------------|---------------------------|--|

| | | |
|-----|--|--|
| 54. | Independent Settlement Agency | <p>a. The auction organiser shall make suitable arrangements for handling of settlement function by an independent agency, preferably a scheduled commercial bank as appointed by Tea Board.</p> <p>b. The auction organiser shall take the e-auction rules into consideration while entering into the Service Level Agreement with the independent settlement agency.</p> <p>c. The role of the settlement agency shall be to receive payments from the buyers in the designated settlement account opened and maintained in the settlement bank, to make payments to the sellers/brokers and other parties (based on instructions received from the selling broker/seller, as applicable).</p> <p>d. All post sale transactions including issuance of delivery orders, etc. should be routed through the pan India auction system.</p> |
| 55. | Preparation and issuance of Delivery Orders | <p>a. Issuance of delivery order to the buyers will be made online. The deliver order will be generated online only after receipt of the payment from the buyer within the prompt date and after acknowledging the same by the bank. However, before taking physical delivery of teas from warehouses, buyers shall ensure endorsement of the concerned seller/broker on the generated DO.</p> <p>b.. Delivery Orders shall be issued to the buyers only after receipt of the buyer's prompt from them, within the time limit prescribed by the auction organiser, subject to a maximum period of one working day, from realisation of prompt.</p> <p>c. Delivery Orders shall be issued for the complete lot bought by the buyer. Requests for issue of Delivery Orders for a part of the lot shall not be entertained.</p> <p>d. In case of splitting of Delivery Orders, brokers must follow the division rules, i.e. the number of DOs issued should not exceed the maximum number of buyers allowed to share the lot concerned.</p> |

| | | |
|-----|---|--|
| 56. | Buyers' Prompt Date (Maximum days allowed for payment by buyers) | The Buyer's Prompt Date shall be thirteen (13) days after the date of sale, and shall be subject to change based on directives issued by the Tea Board from time to time. The prompt payment by the buyer shall be made to the settlement account maintained with the settlement bank in the following manner:: |
| 57. | Seller's Prompt Date | <p>a. Seller's receipt shall be a 'continuous settlement' with payment being made (by the Settlement Bank) to the seller on receipt of clear funds in the settlement account immediately by the next working day.</p> <p>b. The broker's charges, warehouse charges and other statutory dues shall also be remitted (by the Settlement Bank) to the concerned parties, wherever applicable, within a maximum period of two working days from the date of receipt of the money from the buyer.</p> |
| 58. | Force Majeure extension of Buyers' Prompt. | <p>a. A buyer who finds it impossible to meet his prompt due to following force majeure conditions/ circumstances beyond his control can make a request in writing to the auction organiser for an extension of prompt for a maximum period of 5 working days from the date of the original buyer's prompt and shall be applicable to all buyers of that centre. Any extension in the buyer's prompt date beyond 5 working days due to force majeure conditions shall require approval from the Tea Board. No penal levy should be charged in case the payment is made within 5 working days by the buyer.</p> <ul style="list-style-type: none"> • fire, explosion, cyclone, floods; earthquake, • war, revolution, acts of public enemies, blockage or embargo; • any law, order, proclamation, ordinance, demand or requirements of any Government or authority or representative of any such Government including restrictive trade practices or regulations. |
| 59. | Method of Prompt Payment | <p>a. All payments by the buyers shall be made to the Settlement Banker(s) by means of RTGS/NEFT in accordance with the directives issued by Tea Board and the auction organiser from time to time.</p> <p>b. The Settlement Bank shall make payments to the sellers/brokers through direct intra-bank/ branch fund transfers, fund transfer through NEFT/ RTGS.</p> |

| | | |
|------------|---|---|
| 60. | Charges payable to brokers | <p>a. The charges to be paid by the buyers and sellers to the brokers shall be specified by the auction organiser based on the directives issued by the Tea Board from time to time.</p> <p>b. Brokers shall collect these charges in full and shall not provide any discount on and also shall not be permitted to refund, either in part or whole, any of these charges, brokerage or commission, except wherever required under the existing laws.</p> |
| 61. | Duplicate Delivery Orders | <p>In cases where the original Delivery Orders have been misplaced, lost or stolen, duplicate Delivery Orders shall be issued online to the buyer after compliance of the following:</p> <p>i. Confirmation is obtained by the selling broker from the warehouse keeper, that the tea concerned remains undelivered and that no lien has been registered on such tea.</p> <p>ii. An indemnity on appropriate stamp paper has been obtained from the buyer in the form prescribed by Tea Board from time to time.</p> <p>iii. The duplicate delivery order shall be mandatorily signed by the broker.</p> |
| 62. | Delivery of Teas | <p>a. Delivery of teas to the buyers shall only be made by the warehouses concerned on presentation of valid Delivery Orders relating to specific lots/invoice of tea issued by the brokers.</p> <p>b. The buyer or his representative must be satisfied before taking delivery of teas.</p> <p>c. The warehouse shall deliver the tea within the time limit prescribed by the auction organiser, subject to a maximum period of two working days after presentation of the Delivery Order by the buyer. In case of any delay in delivery of tea by the warehousing authorities due to reasons attributable to them, they shall not be entitled to charge warehousing charges for the period of delay.</p> <p>d. In addition, the warehouse shall pay a penalty to the buyer at the rate specified by Auction Organiser from time to time for every day of delay in delivery.</p> |
| 63. | Sellers responsibility towards the goods | <p>The goods shall be at sellers' risk only for 7 days after buyers' prompt date or until removal by the buyer, whichever is earlier</p> |

| | | |
|-------------------|---|--|
| <p>64.</p> | <p>Warehouse charges</p> | <p>a. The charges payable to the registered warehouse shall be as specified by the auction organiser or based on the directives issued by the Tea Board from time to time. (the charges shall be set in a manner so as to discourage the buyers from keeping teas in the warehouse for long after the buyers' prompt date). However, no buyer shall be allowed to store his teas in the warehouse for a period beyond 3 months from the date of sale.</p> <p>b. Warehousing charges for the tea shall be borne by the seller up to seven (07) days after the buyers' prompt date and thereafter by the buyer.</p> <p>c. The warehouse keeper shall intimate the warehouse charges in respect of each lot, which has been catalogued for sale, to the concerned broker.</p> <p>d. Such warehouse charges shall be intimated by the warehouse keeper before the date of auction sale.</p> <p>e. Broker shall deduct the warehouse charges from the payment received from the concerned buyers before making payment to the sellers. The said deducted warehouse charges shall be paid to the concerned warehouse keeper.</p> |
| <p>65.</p> | <p>Default of Buyer's Prompt</p> | <p>a. If the buyer shall fail to pay for the tea or any part thereof, on the due date for payment, the goods may be resold either by auction or private sale, at the option of the seller or selling broker on account of the original seller. Any loss arising from such resale, together with the interest to be calculated at the prevailing rate from the due date and all charges incurred, shall be paid by the defaulting buyer to the original seller through the broker and the defaulting buyer shall not be entitled to any profit which may accrue from such resale. In the event of a profit accruing from such a resale, it shall be paid to the original seller by the broker.</p> <p>b. In case of a prompt failure by the buyer, the concerned auction organiser shall intimate the same with complete details of the buyer to all other auction centres.</p> <p>c. A penalty of up to 30% of the knockdown value of the teas shall be paid by the defaulting buyer to the sellers concerned before the buyer is permitted to participate in the subsequent e-auctions across all</p> |

| | | |
|-------------------|---|---|
| | | <p>centres.</p> <p>d. The penalty collected from the buyer shall be given to the aggrieved seller.</p> <p>e. In case, the buyer defaults on payment of this penalty within a period of one month from the date of the original default or in case of repeated defaults, his membership as buyer shall be suspended for a period of 6 months or terminated completely by the auction organiser depending on the severity/ magnitude of the default as per the discretion of the auction organiser.</p> <p>f. Action taken as per sub rule (d), above shall be intimated by the concerned auction organizer to the Tea Board within 48 hours.</p> |
| <p>66.</p> | <p>Compensation for non-delivery of teas</p> | <p>a. In case of default (by the producer/ warehouse) on account of non-delivery of tea, the concerned buyer shall immediately report the default to the concerned broker with a copy to the auction organiser and to the Tea Board.</p> <p>b. Investigations shall be promptly conducted by the auction organiser to identify the defaulting party.</p> <p>c. If the seller is identified as the defaulting party, he shall not be permitted to participate in the subsequent e-auctions till he has made the original teas available and has paid the stipulated penalty maximum within 15 days for default.</p> <p>d. If the warehouse-keeper is identified as the defaulting party, he shall be disallowed to receive any further auction consignments from any seller till he has paid the stipulated penalty maximum within 15 days for default.</p> <p>e. A penalty of up to 30% of the knockdown value of the teas shall be paid by each of the defaulting parties to the concerned auction organiser before they are allowed to participate further in the auction process.</p> <p>f. The penalty collected shall be given to the aggrieved buyer.</p> <p>g. In case a party is found to be a defaulter under this rule on three occasions in a year, the auction organiser shall consider taking further strict actions against them including cancellation of membership/ registration and the same is to be intimated to Tea Board within 48 hours and the decision on concerned defaulter will be taken immediately.</p> <p>h. Action taken as per sub rule “g” above shall be intimated by the concerned auction organizer to the Tea</p> |

| | | |
|-----|--------------------------------------|--|
| | | <p>Board within 48 hours.</p> <p>i. In case tea has been catalogued by the brokers for sale through e-auction without the presence of tea in warehouse (other than Ex-estate e-auction sale):</p> <p>j. Investigation shall be promptly conducted by the auction organisers to identify the defaulting parties.</p> <p>k. If the broker is identified as defaulting party, a penalty of up to 30% of the knockdown value of teas shall be paid by the broker.</p> <p>l. If AWR is submitted by the warehouse keepers without presence of tea in warehouse, investigation shall be promptly conducted by the auction organisers to identify the defaulting parties.</p> <p>m. If the warehouse keeper is identified as defaulting party, a penalty up to 30% of the knockdown value of teas shall be paid by the concerned warehouse keeper.</p> <p>n. In case warehouse keeper/broker fails to pay compensation and /or penalty, the recognition of warehouse keeper/ membership of the broker shall be suspended for a period of six months or terminated completely by the auction organiser depending on the severity/ magnitude of the default as per the discretion of the auction organiser.</p> |
| 67. | Right of buyer to inspect tea | <p>a. The buyer shall have the right to examine each chest/ bag/ package bought by him in the auction upon producing the delivery orders to the warehouse keeper and the warehouse keeper shall extend necessary cooperation to buyers in this connection. If a complaint is made by a buyer that a warehouse has failed to extend necessary cooperation to the buyer for inspection of his teas, the auction organizer shall call upon the warehouse to furnish an explanation. In case of deficiency in service by a warehouse, a penalty will be payable as per Rule 66.</p> |

| | | |
|-----|---|--|
| 68. | Claims for shortage in weight on taking delivery | <p>a. In case of shortweight, any claim must be submitted by the buyer to the selling broker within the time limit prescribed by the auction organiser and must be supported by a weighment certificate issued by the warehouse at the time of removal of the teas.</p> <p>b. The buyer shall be entitled to claim the value of the shortage along with a 10% penal levy.</p> <p>c. The selling broker will certify the price to the warehouse who shall accept liability for shortages in weight found at the time of delivery.</p> <p>d. All claims for shortweight should be settled by the warehouse within 7 days of receipt of such claims.</p> |
| 69. | Claims on grounds of difference or inferiority in quality, description, damage, deterioration or defect in packing | <p>a. Claims on grounds of quality made after removal of the packages from the registered warehouses shall not be entertained unless the selling broker is of the opinion that the defects complained of would not have been discoverable despite the taking of such steps by the buyer within the prescribed period after the Sale.</p> <p>b. Claims on grounds of quality must be submitted by the buyer within seven (07) days after removal of tea.</p> <p>c. Claims on grounds of quality or tare differences made after removal of the packages from the registered warehouses shall, if there be a dispute, be referred to the Claims Sub-Committee of the auction organiser.</p> <p>d. Buyer should be satisfied by all means before taking delivery with regard to quality of teas.</p> |
| 70. | Settlement of disputes and differences by Arbitration | <p>a. Any dispute or difference referred for arbitration shall be referred for Arbitration as per the procedure prescribed by the auction organiser.</p> <p>b. The outcome of the Arbitration proceedings shall be final and binding on the parties.</p> <p>c. In the event of a contract being submitted for arbitration by a buyer, the ownership and responsibility of the teas concerned shall be on account of the buyer until and unless found otherwise by the arbitration.</p> <p>d. Arbitration fees, as prescribed by the auction organiser will be paid by the party/s involved in the arbitration.</p> |

| | | |
|-----|---|--|
| 71. | Penalties for delays in service levels | <p>a. The auction organiser shall implement the financial penalties prescribed by the Tea Board.</p> <p>b. The auction organizer will be responsible for collection of penalties from the defaulting parties.</p> <p>c. Unless otherwise specifically provided under this rules or any directions issued by the Tea Board a or the auction organiser, all penalties levied and collected under this and any other rule of the e-auction system shall be given to the aggrieved party.</p> <p>d. The Tea Board will also prescribe financial penalties for deficiency in service by e-auction software provider, connectivity provider and hardware maintenance agencies and such penalty will be payable to the auction organizer by the defaulting party after intimation to Tea Board.</p> |
| 72. | Roles and Responsibilities of various stakeholders | <p>The Roles and responsibilities of the various stakeholders of the E-auction system shall be stipulated by the concerned auction organisers from time to time and shall be effective only after prior approval of the Tea Board.</p> |

The rules mentioned above are subject to change as per approval of Registering Authority and the same will be notified by Tea Board from time to time.

The Appellate Authority for any kind of dispute settlement shall be Deputy Chairman, Tea Board. Deputy Chairman shall, whenever required, may dispose off the matters either based on the fact finding of the case or after personal hearing. The Deputy Chairman may by special order constitute a Committee with approval of Registering Authority for disposing off the disputes.

Annexure-I

Minimum Size of Lots for CTC Teas

| Estates/Factories producing more than 2.5 lakh kg | Manufacturing Period | Existing | Manufacturing Period | Recommendation |
|---|---------------------------|----------|---------------------------|---|
| All Grades excluding BPS, CD & Secondaries | June to Dec Jan to May | 20 5 | | |
| BPS, CD & Secondaries | Jan to Dec | 5 | | |
| All Grades excluding BPS, CD, Secondaries & Dooars, Terai & Cachar BOP/PD/D | | | June to Oct Nov to May | 30 HS/JB/PP or 15 FS 10 HS/JB/PP or 5 FS |
| BPS, CD, Secondaries & Dooars BOP/PD/D | | | Jan to Dec | 10 HS/JB/PP or 5 FS |

HS = half sack, JB = jute bag, PP = woven sack & FS = full sack.

| Estates/Factories producing less than 2.5 lakh kg | Manufacturing Period | Existing | Manufacturing | Recommendation |
|--|----------------------|----------|---------------------------|--------------------------|
| All Grades | Jan to Dec | 5 | June to Oct Nov to May | 10 HS/JB/PP or 5 FS 5 |

Minimum Size of Lots for Orthodox Teas

| Estates producing more than 2.5 lakh kg | Manufacturing Period | Existing | Manufacturing Period | Recommendation |
|--|----------------------|----------|----------------------------|---------------------------------|
| TGFOP | July to Nov | 15 | July to Oct | 20 HS or 10 FS |
| GFOP | July to Nov | 15 | July to Oct | 15 HS or 5 FS |
| GFBOP | July to Nov | 20 | July to Oct | 20 HS or 10 FS |
| FBOP | July to Nov | 20 | July to Oct | 20 HS or 10 FS |
| GBOP | July to Nov | 20 | July to Oct | 20 HS or 10 FS |
| Fannings | Jan to Dec | 5 | July to Oct Nov to June | 20 HS or 10 FS 10 HS or 5 FS |
| Other non-Tippy Whole Leaf | Jan to Dec | NS | July to Oct Nov to June | 20 HS or 10 FS 10 HS or 5 FS |
| BPS, Dust & Secondary Grades | Jan to Dec | 5 | Jan to Dec | 10 HS or 5 FS |
| Tippy Teas | Jan to Dec | 5 | Jan to Dec | 5 packages |

HS = half sack & FS = full sack.

| Estates producing less than 2.5 lakh kg | Manufacturing Period | Existing | Manufacturing Period | Recommendations |
|--|----------------------|----------|----------------------------|-----------------|
| Main Grades | Jan to Dec | 5 | July to Oct Nov to June | 10 HS 5 |
| Exempt grades (BPS, Dust & Secondary Grades) | Jan to Dec | 5 | Jan to Dec | 10 HS or 5 FS |
| Tippy Teas | Jan to Dec | 5 | Jan to Dec | 5 packages |