Press Note

Commerce Secretary inaugurates Pan-India e-auction system for Tea

Kolkata, May 10: In order to connect all the auction centres throughout the country and overcome the constraints of the existing electronic auction system of tea and to increase wide participation of buyers and sellers in the auctioning process, the pan-India e-auction system for Tea has been inaugurated by Smt. Rita Teaotia, Commerce Secretary, Ministry of Commerce & Industry, Government of India, here today.

Currently, there are seven registered e-auction centres in the country viz., Kolkata, Siliguri, Guwahati, Jalpaiguri, Coonoor, Cochin & Coimbatore where auctions are being conducted through electronic platform provided by Tea Board. About 534 million kgs of tea are sold through the e-auction system run by the Tea Board.

Limitations of the Present System

Although electronic auctions are being run successfully, there are certain limitations of the system which are believed to be major causes for stagnancy of the auction system. These limitations are enlisted below:

1. Prevalence of different auction rules across the centres which in turn makes the system complicated for a tea buyer
2. Restrictive participation of buyers (since only registered buyers of the centre can participate in the auction process of that centre)
3. Longer time to catalogue made teas in the auction after its production
4. Less participation of sellers and buyers in the auction process
5. Cancellation of deal after knocking down of lots
6. Presence of proxy bidding system
7. Longer credit period for sellers
8. Handling of buyers’ payments by brokers
9. Issuance of delivery orders before actual realization of payments
10. Manual intervention in case of post auction processes

Proposed Pan India Auction System

In order to overcome the constraints of the existing auction system, Tea Board has conceptualized the Pan India e-Auction system which will increase participation of buyers and sellers in the system with improved processes. The major advantages of the system are:

1. Participation of buyers in all auction centres with a single registration
2. Uniform auction rules across all auction centres
3. Introduction of electronic auction of Darjeeling Tea
4. Introduction of online post settlement process through a settlement bank
5. Ensuring generation of delivery orders from the system only after actual realization of payments
6. Fetching better prices to the sellers/growers
7. More teas can be offered in the system with increased speed of sale
Introduction of Settlement Banking System

Introduction of settlement banking system and routing of entire post auction payments through the auction system via the settlement bank is one of the important features of the Pan India e-auction process. This system will ensure transparency in the process and timely settlement of dues since the bank will act as a settlement agent between all the stakeholders i.e. buyers, brokers, sellers and warehouses.