

Default of bidders and stopping lifting materials won through FA: Needs to be taken care



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"Nothing is less productive than to make more efficient what should not be done at all." - [Peter Drucker](#)

Sometimes, after winning the lots in the FA, buyers frequently stop lifting of materials after they have lifted part quantity of the lot.

- Such situations happen more frequently when there is sudden fall in prices of items in the market and bidder feels that he will incur huge loss by lifting the rest of quantity also. Therefore, he decides to stop lifting the materials.
- Such situations also can be due to pre-planned ill design of some bidders whose aim is to make quick money by adopting corrupt and unhealthy business practices in lifting of materials. It is also possible that bidder picks up the best materials in the lot and leaves less costly items.
- This creates immediate problems for the client as there may be space problem to store or disposal of items is delayed or another e-auction will be required which is extra job for all stakeholders of e-auction. Of course, client forfeits the EMD amount as per terms and conditions of the e-auction, but this does not solve the problems.
- Mostly re-auction is resorted to in such situations as explained to ensure continuity of lifting by selecting alternative party.

Conclusion: *It is recommended to minimize such cases of defaults as dealt above through creative ideas. For example, for high price volatile items like nickel, copper etc. the e-auction should be done for smaller duration of lifting periods. It is also suggested additional suitable security deposit should be taken from bidders in addition to the EMD, to hold and bind the bidders for lifting the materials.*

It is also suggested that clients also should consider the real difficulties of defaulting genuine bidders who have been their regular bidders. Considering this aspect, Clients should start a dialogue to arrive at mutually agreed agreement to continue lifting of items. There can be a fit example of drastic fall of market price which no bidder can afford. Here, clients should have a flexible policy to re-negotiate the prices and strike a onetime kind of deal. Of course, such negotiation should not become routine and way of handling the defaults of bidders.

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