

INTER-SE BIDDING GUIDELINES

The Mapusa Urban Cooperative Bank of Goa Ltd (under liquidation) is in the process of disposing of its immovable assets by inviting public offers. One of the provisions of the offer invitations is “inter-se bidding”.

In the interests of transparency and fairness, these guidelines are being issued, explaining the rationale of procedure of inter-se bidding.

RATIONALE:

- a) In the interests of getting the best price for a property, there is a provision of ‘Inter-se bidding’ to be utilized at the discretion of the Liquidator on the advice of the Scrutiny Committee.
- b) When it has been decided to have inter-se bidding, the two highest bidders are invited to be present at a place and time for face-to-face inter-se bidding.
- c) The reason for calling only the two top bidders is that if all the bidders are invited, then in future auctions very low bids would be received, as people would assume that even low bidders would get a chance to participate in inter-se bidding, and by bidding low they would get to know the trend, and yet retain their opportunity to remain in the bidding. This would not be in the interests of getting the best price.
- d) By inviting only the two highest bidders, competition to bid high even in the initial invitation is there, and only the two top-most bidders then get an opportunity to bid against each other, thus getting the best value for the property in the best interest of the depositors.

PROCEDURE:

- 1) Only the persons who have signed the original bids are allowed to participate in the inter-se bidding. If such a person does not turn up, it would be assumed that he has dropped out of the bidding process. Only in the case of serious illness or other unavoidable circumstances a duly authorized substitute may be allowed to participate, at the discretion of the Liquidator, after examining proof of such alleged circumstances.
- 2) If only one, or neither, person turns up at the appointed time and place, the Liquidator may delay the proceedings by a short time (say, up to half an hour) for a valid reason (say, message received that bidder is stuck in a traffic jam, etc).
- 3) The two bidders are seated face-to-face, but in such a manner that they retain privacy to write their bids.

- 4) They are issued with bidding slips by the Liquidator, and asked to write their fresh bids in numerals as well as words, and then sign the slips.
- 5) The minimum bid would be the highest bid received in the initial bid invitation, plus a sum of at least Rs 10,000.
- 6) In each round of inter-se bidding, the minimum bid would be the higher of the two valid bids received in the previous round, plus at least Rs 10,000. (Thus, bids need to be raised by at least Rs 10,000 in each round to be considered valid).
- 7) The rounds of inter-se bidding continue until one of the bidders drops out (or submits an invalid bid, for example, a bid not higher than the previous highest bid by at least Rs 10,000), and the highest standing bid at that point of time would be the accepted bid.
- 8) If only one person turns up for the inter-se bidding at the appointed time and place, it would be assumed that the other person has dropped out. In case the person present was originally the highest bidder, that bid would be accepted. In case the person present was originally the second highest bidder, he would be given an opportunity to exceed the highest bid by at least Rs. 10,000.
- 9) All other conditions relating to payment of the stipulated percentage of accepted bid within the stipulated number of days, and payment of the balance within the stipulated period, as well as penalties for default etc, that were the terms and conditions of the published offer would remain the same.

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LIQUIDATOR**