

Guidelines for the issue of Auctioneer Licence

The following are the Guidelines for the issue of Auctioneer Licence in accordance with the Cardamom (Licensing & Marketing) Rules 1987 and subsequent amendments till date.

1. Experience Requirement for New Auctioneers

As per applicable rules and guidelines, the applicants shall possess a minimum of five (5) years of relevant experience in one or more of the following domains, of which , minimum three (3) year experience in cardamom marketing/trading activities is mandatory.

- Cardamom auction operations or functioning as an authorised cardamom dealer under the Spices Board with a satisfactory track record of transactions on the Board's auction platform;
- Cardamom trade, processing, or export, including handling, grading, or marketing of cardamom or other spices;
- Agri-commodity trading, auctioning, or commission agency operations in regulated markets (including APMC markets or other recognised agri-marketing systems);
- Operations in the spices sector or agri-food value chain involving procurement, aggregation, grading, storage, logistics, or distribution of agricultural commodities;
- Experience in managing electronic auction platforms, commodity trading systems, or similar market facilitation mechanisms in the agricultural or allied sectors;
- Any other relevant experience in agri-commodity marketing, auction systems, or value chain operations, as may be considered appropriate by the Spices Board.

2. Eligibility: Applicants seeking an auctioneer licence shall be duly registered legal entities under the applicable laws in India. Eligible entities include:

- Any Individuals/ Proprietorship.
- Companies incorporated under the Companies Act, 2013 or the erstwhile Companies Act, 1956;
- Partnership firms and Limited Liability Partnerships registered under the Indian Partnership Act, 1932 or the Limited Liability Partnership Act, 2008;
- Co-operative Societies and Multi-State Co-operative Societies registered under the Multi-State Co-operative Societies Act, 2002 or other applicable State Co-operative Acts;
- Societies registered under the Societies Registration Act, 1860; and
- Farmer Producer Organisations (FPOs) / Farmer Producer Companies (FPCs) incorporated under the Companies Act, 1956 or registered under applicable co-operative laws.
- or any other legally recognised entity permitted by the Spices Board

All such entities must possess valid registration, statutory compliance, and legal capacity to undertake auctioneering activities.

The applicant shall possess valid PAN, GST registration wherever applicable, and other statutory registrations required for carrying out auction operations. Applicants shall disclose details of group entities, related concerns, and beneficial ownership structure, wherever applicable.

In the case of FPOs, FPCs, and Co-operative entities functioning as auctioneers, their primary role shall be to pool and auction the produce of their registered members. Pooling of cardamom from non-members may be permitted only in accordance with specific conditions and guidelines issued by the Spices Board from time to time.

3. Financial Strength & Stability

Applicants shall submit audited financial statements for the last three (3) financial years, duly certified by a Chartered Accountant, comprising:

- Balance Sheet
- Profit and Loss Account
- Cash Flow Statement
- Notes to Accounts
- Auditor's Report
- Debt Equity Ratio Analysis
- Current ratio analysis

The Spices Board may require the applicant to furnish additional financial and banking documents as per the following details.

- a) Copy of Audited Financial Statements with Notes to Accounts for the Financial Years 2022-23, 2023-24 and 2024-25
- b) Audit report (Last 3 FY)
- c) Bank Certificate / Letter indicating creditworthiness or existing credit facilities
- d) Provisional Financial Statement for 2025-26
- e) Bank Statements for the period April 2025 to March 2026 (Soft Copy to be submitted to Spices Board Separately via email)
- f) Copies of sanctioned OD/CC facilities
- g) Latest Drawing Power Statement
- h) Cash flow statement for the last three financial years for entities other than companies
- i) Tax Audit Report-Form 3CA, 3CD or form 3CB-3CD whichever is applicable
- j) Declaration of details of contingent liabilities and guarantees to be self certified
- k) Details of related party loans and advances with related party relationship
- l) Age-wise Debtors Statement for the financial year 2025-26 to be certified by CA
(Ageing format: Below 30 days, 30-60 days, 60-90 days, Above 90 days)

4. Financial Evaluation Criteria

The financial capability of the applicant shall be assessed based on the following parameters:

- **Profitability:** Demonstrated ability to generate profits over the assessment period. Isolated losses may be examined with justification; however, consistent losses may render the applicant unsuitable.
- **Net Worth:** The applicant shall have a positive net worth. However, positive net worth alone may not be treated as sufficient for qualification.
- **Liquidity Position:** The applicant shall demonstrate adequate liquidity to meet short-term obligations and operational requirements of auction activities.
- **Leverage (Debt Position):** The applicant's debt-equity position and overall borrowing levels shall be examined to assess financial prudence and risk exposure.
- **Working Capital Adequacy:** The applicant shall possess sufficient working capital to support procurement handling, auction operations, and settlement cycles.

The financial statements shall be evaluated holistically with reference to profitability, liquidity, leverage, and solvency. The decision of the Spices Board shall be based on an overall assessment of financial soundness and operational viability, and not on any single parameter in isolation. The Spices

Board reserves the right to seek additional financial information, including bank statements, credit facilities, or certification from financial institutions, to assess the financial capability of the applicant.

5. Bank Guarantee Requirement

Without prejudice to the provisions of the Cardamom (Licensing and Marketing) Rules, 1987, every auctioneer shall submit and maintain a minimum Bank Guarantee (BG) in favour of the Spices Board throughout the validity period of the licence.

As per Rule 10.1(a) of the Cardamom (Licensing and Marketing) Rules, 1987, as amended in 2018, for e-auction, the applicant shall provide a security deposit in the form of a Bank Guarantee equivalent to the average auction sale value of cardamom in one auction during the immediate preceding block period of three years, for the block period for which the applicant desires to obtain the auctioneer licence.

For the block period 2026–2029, it is observed that the average auction sale value of cardamom in one auction during the immediate preceding block period is ₹11.52 crore. Accordingly, every **new applicant shall maintain a minimum BG of ₹11.52 crore during the said block period.** Notwithstanding the minimum Bank Guarantee requirement prescribed above, the operational exposure and auction time allocation of an auctioneer shall be linked to the quantum of Bank Guarantee maintained by the licensee.

For renewal of auctioneer licence, the BG amount will be determined based on their average auction sale value of cardamom in one auction during the immediate preceding block period of three years.

In cases where an auctioneer maintains a Bank Guarantee lower than the prescribed amount of **₹11.52 Cr.**, the auction time allocation and permissible transaction exposure shall be restricted proportionately to the Bank Guarantee maintained. Accordingly, auctioneers furnishing a Bank Guarantee of less than ₹6 crore shall be allotted proportionately reduced auction time, transaction limits and operational exposure as may be determined by the Spices Board from time to time.

For illustration, an auctioneer maintaining a Bank Guarantee of ₹3 crore may be allotted an auction session of one hour, subject to such modifications and operational conditions as may be prescribed by the Spices Board.

The decision of the Spices Board regarding determination of auction time allocation, transaction exposure limits and the corresponding Bank Guarantee requirement shall be final and binding on all licensees.

If the auctioneer wishes to conduct evening auction, a separate BG as prescribed by the Board has to be furnished.

In addition to the above minimum statutory requirement, and as part of a risk-based regulatory framework, the quantum of BG to be maintained by an auctioneer shall be linked to the permissible transaction exposure and maximum permitted daily transaction limit assigned by the Spices Board from time to time.

The permissible transaction limit shall be contingent upon the maintenance of the prescribed BG at all times during the validity of the licence.

The Spices Board reserves the right to revise the BG requirement, prescribe additional safeguards, impose operational conditions, or modify transaction limits from time to time based on regulatory requirements, market conditions, risk assessment, and operational considerations.

The Auctioneer shall assess and maintain, at all times, an adequate Bank Guarantee commensurate with the anticipated volume and value of cardamom likely to be received, pooled, and offered for auction, particularly during peak arrival seasons. The Auctioneer shall be solely responsible for ensuring that the Bank Guarantee maintained is sufficient to cover the transaction exposure arising from the pooled stock. In the event that the value of cardamom offered for auction exceeds the permissible transaction exposure linked to the Bank Guarantee maintained by the Auctioneer, the Spices Board's auction platform/system may restrict or reject further auction transactions until adequate Bank Guarantee coverage is available. Any delay, inconvenience, accumulation of stock, or inability to auction pooled cardamom arising on account of inadequate Bank Guarantee shall be the sole responsibility of the Auctioneer, and no liability in this regard shall devolve upon the Spices Board.

6. Infrastructure Requirements

Applicants seeking an auctioneer licence shall establish and maintain adequate infrastructure for efficient, transparent, and hygienic handling of cardamom, as per applicable rules and guidelines issued by the Spices Board from time to time.

a. Main godown / Godown

- The applicant shall have access to a Main godown with a **minimum storage capacity of 75 metric tonnes (MT)** for handling cardamom arrivals.
- The godown shall be suitable for scientific storage, pooling, and grading, and shall comply with applicable safety, hygiene, and quality standards.
- **A minimum of 10 trained personnel** shall be deployed at the Main godown for handling operations, including receipt, storage, grading, and dispatch during peak season and minimum 8 person during lean season.
- The applicant shall maintain adequate fire safety arrangements, insurance coverage, security measures, and hygienic facilities in the storage and pooling centres.
- The Main Godown shall be equipped with a **Computer System, Printer, Internet Connectivity, and such hardware and software facilities as may be prescribed by the Spices Board** for implementation of online pooling, traceability systems, crop receipt generation, electronic record maintenance, and other digital interventions.
- The Main Godown shall be provided with a **CCTV Surveillance System covering all critical operational areas**, including receipt, pooling, grading, storage, sampling, packing, and dispatch points.
- CCTV recordings shall be maintained in retrievable form for a minimum period of **three (3) months** and shall be made available for inspection, verification, copying, or audit by authorized officers of the Spices Board whenever required.
- The applicant shall ensure that all cardamom lots handled through the Main Godown are properly identified, recorded, and managed in accordance with the traceability and batch identification procedures prescribed by the Spices Board.

b. Pooling and Collection Centres

- The applicant shall establish not less than three (3) pooling/collection centres in notified cardamom-growing or trading areas.
- Each pooling centre shall have a minimum storage capacity of 5 MT to handle daily arrivals.
- Each centre shall be adequately staffed with at least three (3) personnel to ensure smooth operations.

- All pooling centres shall maintain hygienic conditions, proper ventilation, and basic infrastructure for safe handling and temporary storage of produce.
- The applicant shall maintain adequate fire safety arrangements, insurance coverage, security measures, and hygienic facilities in the storage and pooling centres.
- Every Pooling/Collection Centre shall be equipped with a **Computer System, Printer, Internet Connectivity, and such other digital infrastructure as may be prescribed by the Spices Board** for implementation of online pooling, traceability systems, crop receipt generation, electronic documentation, and related activities.
- A **CCTV Surveillance System** shall be installed and maintained at every Pooling/Collection Centre covering all operational areas including receipt, pooling, weighing, storage, packing, and dispatch points.
- CCTV recordings shall be preserved for a minimum period of **three (3) months** and shall be made available to authorized officers of the Spices Board for inspection, verification, audit, or investigation whenever required.
- All pooled cardamom shall be stored only in **polythene-lined bags jute bags or poly propylene bags, or such approved packaging materials as may be prescribed by the Spices Board** to protect the produce from moisture contamination and deterioration.
- Each Pooling/Collection Centre shall maintain adequate **bag stitching/sealing machines** and necessary packing materials to ensure that pooled cardamom is packed, sealed, and secured immediately after pooling.
- The auctioneer shall ensure proper identification and tagging of all pooled lots and shall comply with the traceability requirements prescribed by the Spices Board, including allocation of batch numbers, bag identification numbers, grower identification, and such other traceability measures as may be introduced from time to time.
- The auctioneer and the personnel employed in the Main Godown and Pooling/Collection Centres shall undergo such training programmes, capacity-building programmes, and certification requirements as may be conducted or prescribed by the Spices Board for implementation of online pooling systems, traceability mechanisms, digital record management, and other regulatory initiatives.
- The auction companies should ensure that the cardamom pooled in an auction is free from adulteration, contamination and artificial colouring.

d. Equipment and Operational Facilities

- The applicant shall provide and maintain:
- Electronic weighing machines of appropriate capacity and accuracy;
- Moisture meters for quality assessment;
- Machinery, if available for contamination free pooling (Physical/chemical/biological contamination- safe handling of spices to ensure quality and safety)
- All equipment shall be calibrated, functional, and compliant with applicable standards, including legal metrology requirements wherever applicable.
- Electronic weighing machines, moisture meters, and other equipment shall possess valid calibration certificates wherever applicable.
- The applicant shall maintain suitable IT systems and software infrastructure for pooling, auction related operations, transaction monitoring, and settlement tracking.

The above infrastructure shall be owned, leased, or otherwise legally accessible to the applicant and shall be subject to inspection, verification, and approval by the Spices Board prior to grant of licence and at any time during its validity. The lease period of the infrastructure should be covered for the entire licence period.

The Spices Board reserves the right to prescribe additional infrastructure requirements or modify the above norms based on operational needs, market conditions, and technological advancements.

7. Manpower Requirement

- a) Applicants shall have and maintain adequate, trained, experienced, and competent manpower to ensure the smooth, continuous, transparent, and efficient conduct of auction operations and related activities.
- b) The applicant shall deploy sufficient personnel to independently conduct:
 - a) Morning auction sessions; and
 - b) Evening dealer auction sessions, wherever permitted or introduced by the Spices Board.
- c) The manpower deployed shall be capable of handling all operational functions including receipt of produce, pooling, storage, lot preparation, grading coordination, sampling, auction execution, documentation, crop receipt generation, traceability compliance, digital record maintenance, payment processing, and post-auction activities.
- d) The applicant shall ensure the availability of adequate supervisory, technical, and operational staff at the Main Godown and all Pooling/Collection Centres to prevent disruption of auction activities during peak and lean seasons.
- e) The applicant, auction supervisors, auction staff, and other personnel engaged in auction-related activities shall undergo such training programmes, refresher courses, capacity-building programmes, workshops, and certification requirements as may be conducted or prescribed by the Spices Board from time to time.
- f) The applicant shall ensure that its personnel are adequately trained in:
 - Auction procedures and regulatory requirements;
 - Online auction operations;
 - Online pooling systems;
 - Traceability and batch identification procedures;
 - Digital documentation and record management;
 - Quality and grading requirements;
 - Grower registration and verification procedures; and
 - Any other system or procedure introduced by the Spices Board.
- g) The applicant shall nominate authorized personnel for participation in training programmes conducted by the Spices Board and shall ensure timely implementation of the operational instructions and procedures communicated during such programmes.
- h) Failure to maintain adequate trained manpower or failure to participate in mandatory training programmes conducted by the Spices Board may be treated as a deficiency in operational capability and may attract such regulatory action as deemed fit by the Spices Board.
- i) The applicant shall comply with all applicable labour and employment laws, including registration under the Employees' State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, and any other applicable labour welfare legislation, wherever required under the relevant statutory provisions.
- j) The applicant shall maintain proper records relating to employment, attendance, wages, statutory contributions, training, and deployment of personnel and shall produce the same for inspection by authorized officers of the Spices Board whenever required.
- k) The auctioneer shall ensure continuity of operations by maintaining adequate backup personnel and operational arrangements so that auction activities are not disrupted on account of staff shortages, leave, resignation, illness, or other contingencies.

8. Operational Capability

Applicants shall demonstrate the operational capability to conduct auction activities in a reliable, timely, and uninterrupted manner.

- The applicant shall have the ability to:

- Conduct auctions on a regular and continuous basis;
- Ensure timely settlement of payments to sellers within the stipulated period prescribed under the Cardamom (Licensing and Marketing) Rules, 1987 (presently within 10 days or such period as may be prescribed from time to time).
- standard operating procedure for seller payment settlement;
- proposed settlement timelines;
- contingency arrangements in the event of buyer default or market disruption;
- internal control mechanisms;
- grievance escalation mechanism;
- and operational continuity measures.
- The applicant shall submit an Operational Plan detailing:
 - Auction scheduling and frequency;
 - Manpower deployment;
 - Infrastructure utilisation;
 - Payment and settlement mechanisms;
 - Contingency arrangements to ensure continuity of operations.

Failure to maintain adequate manpower or to ensure timely conduct of auctions and settlement of payments may result in appropriate action including suspension of auction operations, reduction of transaction limits, or such other action as deemed appropriate by the Spices Board after providing an opportunity of being heard.

9. Renewal of Auctioneer Licence

Renewal of an auctioneer licence shall be subject to satisfactory performance and continued compliance with the provisions of the Cardamom (Licensing and Marketing) Rules, 1987 and the conditions of licence prescribed by the Spices Board.

An applicant seeking renewal shall demonstrate the following:

- **Continuity of Operations:** The auctioneer shall have conducted auction operations on a regular and continuous basis during the validity period of the licence.
- **Payment Compliance:** The auctioneer shall not have defaulted in payments to growers/sellers and shall have adhered to the prescribed settlement timelines.
- **Regulatory Compliance:** The auctioneer shall have submitted all required returns, reports, and records to the Spices Board within the stipulated time and shall have complied with all directions and guidelines issued from time to time.
- **Operational and Financial Discipline:** The auctioneer shall have maintained required infrastructure, manpower, Bank Guarantee, and financial discipline as prescribed under the licence conditions.
- **Complaint and Conduct Assessment:** The Spices Board may also take into consideration the nature, frequency, and gravity of complaints, if any, received against the auctioneer from growers, dealers, or other stakeholders during the validity period of the licence. Complaints involving payment defaults, unfair trade practices, violation of auction procedures, misconduct, regulatory non-compliance, or any act affecting the integrity and orderly conduct of auction operations may be examined by the Board based on available records, reports, and findings.

The Board may also consider historical settlement performance, instances of delayed payment, financial discipline, and operational compliance while considering renewal.

10. Grounds for Non-Renewal

The licence may not be renewed if:

- The auctioneer has not conducted auction business in a regular or continuous manner without valid justification;

- There has been any default in payment to growers or violation of settlement timelines;
- There is non-compliance with licence conditions, including failure to maintain infrastructure, manpower, or Bank Guarantee requirements;
- Required returns, records, or information have not been submitted, or false/incomplete information has been furnished;
- Any violations, malpractice, or adverse findings have been established during the licence period.
- Serious complaints, persistent non-compliance, operational irregularities, unfair trade practices, or conduct prejudicial to the interests of growers, dealers, or the orderly functioning of the auction system have been established based on records, reports, enquiry findings, or other materials available with the Spices Board;
- Provided that, before rejecting renewal on the above grounds, the auctioneer shall be given an opportunity of being heard in accordance with the principles of natural justice and the provisions of the Cardamom (Licensing and Marketing) Rules, 1987.

11. Disqualification Criteria (Auctioneer Licence)

An applicant shall be deemed ineligible for grant or renewal of an auctioneer licence under the Cardamom (Licensing and Marketing) Rules, 1987 if any of the following conditions are met after providing an opportunity of being heard.

a. Criminal and Fraud Background: The applicant, or in case of an entity, any of its promoters, partners, directors, or key managerial persons, has been convicted by a court of law for any offence involving fraud, misrepresentation, moral turpitude, financial irregularity, or offences under any economic or commercial laws.

b. Blacklisting / Debarment: The applicant has been blacklisted, debarred, or prohibited from participating in any auction, trading, or commercial activity by the Spices Board or any Government Department / Statutory Authority.

c. Licence Violations: The applicant has previously held an auctioneer or dealer licence under CLMR, 1987 and such licence has been suspended, cancelled, or not renewed due to violation of licence conditions, malpractice, cartelisation, or misconduct.

d. Financial Unsoundness: The applicant is declared insolvent, bankrupt, or is under liquidation / winding up proceedings, or is classified as a wilful defaulter or non-performing asset (NPA) by any financial institution.

e. Pending Serious Proceedings: The applicant is currently facing investigation or prosecution by any enforcement or regulatory agency (including but not limited to tax authorities, economic offences wings, or anti-corruption agencies) for serious financial or economic offences.

f. Conflict of Interest: The applicant has direct or indirect interests that may materially affect the fairness and transparency of auction operations, including undisclosed relationships with traders, dealers, or other auctioneers that could lead to cartelisation or price manipulation.

g. Misrepresentation / Suppression of Facts: The applicant has furnished false information, misrepresented facts, or suppressed material information in the application or in any prior dealings with the Spices Board : **Non-Compliance with Statutory Requirements** The applicant fails to comply with applicable statutory requirements, including registration, tax compliance, or mandatory filings under relevant laws.

h. Non-Adherence to Board Guidelines: The applicant does not comply with the guidelines, directions, or operational requirements issued by the Spices Board from time to time, including those relating to transparency, record maintenance, and auction procedures.

i. Payment Settlement Obligations and Enforcement Measures: The auctioneer shall ensure timely payment to growers/sellers and dealers within the settlement period prescribed by the Spices Board from time to time. In cases of delay or default in payment, the Spices Board may issue directions to the concerned auctioneer for rectification within the stipulated time. Failure to comply with such directions may result in invocation of the Bank Guarantee, wholly or partly, in accordance with the licence conditions and the provisions of the Cardamom (Licensing and Marketing) Rules, 1987. Repeated instances of payment default, delay in settlement, or repeated invocation of Bank Guarantee shall be treated as serious non-compliance. In such cases, the Spices Board may, after providing an opportunity of being heard and following due process, take appropriate action including suspension, non-renewal, cancellation of licence, disqualification, or blacklisting, depending upon the nature and gravity of the violation.

12. Declaration and Undertaking

Every applicant shall submit a self-declaration along with the application, duly signed by the authorised signatory, confirming that:

- There is no conflict of interest, including any direct or indirect ownership, control, or association with any other licensed auctioneer or any entity engaged in private or unregulated auction/trading activities;
- Neither the applicant nor its promoters, partners, directors, key managerial personnel, or beneficial owners are involved in any unauthorised, parallel, or unregulated auction or trading mechanism;
- The applicant complies with all applicable statutory, financial, taxation, and regulatory requirements, and shall continue to do so during the validity of the licence;
- All information furnished in the application and supporting documents is true, complete, and not misleading, and no material facts have been suppressed.

The applicant further declares that:

- farmer/seller funds shall not be diverted for unrelated business purposes;
- separate books/accounts relating to auction operations shall be maintained;
- there are no wilful default proceedings against the applicant;
- the applicant consents to financial verification or audit by the Spices Board or authorised agencies.

13. Verification and Enforcement

The Spices Board reserves the right to:

- verify the ownership structure, shareholding pattern, beneficial ownership, and management control of the applicant/licensee;
- examine financial records, bank transactions, auction data, and accounting systems to ensure compliance;
- seek additional documents, information, or clarifications at any stage of application, grant, or during the validity of the Licence;
- conduct inspection, audit, or investigation, either directly or through authorised agencies;
- Spices Board may take appropriate action in case of misrepresentation, suppression of facts, or violation of Licence conditions, after providing an opportunity of being heard.
