

All stakeholders to be beware of fraud and manipulations in e-Auctions



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It is one of the known features of e-auctions that it is a faceless process where various stakeholders are not in a long-term business relationship. Under this situation, some stakeholders out of all involved, may not be reliable and trustworthy in all financial and commercial deals. Therefore, all stakeholders should be cautious and alert in financial transactions. Every stakeholder must ensure a secured transaction appropriately. For example, submission of EMD by a bidder is a matter of practice before considering the proposal seriously by the client and allow him to participate in e-auction. Objectively, it is meant to deter bidders from running away before the commercial activity is completed.

- Submission of EMD for participating in the e-auction should be taken before the start of the e-auction as specified in terms and conditions and catalogue of e-auction. Normally, the EMD is taken either as a draft or online transfer in the client's account or authorized to be collected by SP.
- Some cases have come to notice in which the bidder gets the draft made for EMD amount in the client's name and sends the scan copy to the SP and the client giving reasons of not actually depositing due to shortage of time or similar reasons. It has been found that even bidders gave the details of the courier also just to convince and give confidence of his seriousness to the SP and client to participate but inability to deposit EMD on genuine reasons. The bidder pretended that he is not in a position to deposit the EMD in spite of his best efforts. In good faith, the client instructs the SP to allow this bidder to participate in the e-auction. This bidder is allowed by the SP and participates in e-auction. In the e-auction, it happens that the bidder bids high and wins the e-auction as H1 bidder. Here comes the problem. Subsequently, the bidder took back the draft from the courier as a matter of pre-planned manipulated activity. As an outcome, the client failed to get EMD and subsequent forfeiture of it as a penal action when the bidder did not honor his H1 bid. This was a bad case of organizing e-auction both for the client and SP having not been in a position to take any penal action against the bidder as per terms and conditions of the e-auction as there was no EMD available. Such stray cases of e-auctions prove and give a very loud message that in no case should the SP/client allow any bidder to participate in e-auction unless EMD is actually received by the client or SP as authorized by the client.
- Above is just one example of a bidder but such manipulations could be by any stakeholder of e-auctions,

Conclusion: *On financial issues, all necessary compliances should be done by all concerned as per terms and conditions of e-auctions. No favors or relaxations or violations of e-auction procedure to be extended to any stake holder, which can have serious consequences.*

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