

**National Mission for Clean Ganga (NMCG)**  
**Department of Water Resources, River Development & Ganga Rejuvenation**  
**Ministry of Jal Shakti**

RFP No.: G-35/3/2024-BUDGET-NMCG  
e-Tender ID: 2024\_NMFCG\_807660\_1

Dated: 5 September 2024

**Responses to Pre-Proposal / Bid Queries**

**Sub: RFP for Appointment of Issuing Bank for a Letter of Credit (3<sup>rd</sup> Call)**

S. No.	Document / Clause	Query	Response
1.	NA	Since the SBLC is to be issued in Foreign Currency to Indian Beneficiary (Escrow Bank-Union Bank) - Is the underlying agreement for issuance of SBLC covered under ICB / Global tender	This is an open tender and participation is open to all interested banks that fulfil the stated eligibility requirements.
2.	NA	SBLC is required to be issued in USD, but STL shall be booked in Rupees - please confirm working of the same.	The Standby Letter of Credit (SBLC / LC) and Reimbursement and Credit Agreement shall be denominated in US Dollars. The Processing Fee charged by the SBLC Bank shall be payable in Indian Rupees.
3.	NA	We would require contact details for IBRD as we would need to onboard and setup limit on the entity once we win the Bid.	NMCG will facilitate this outreach once the SBLC Bank has been selected.
4.	Form LC	Kindly provide completely filled SBLC Text	Only a form LC is provided to potential bidders / at the procurement stage. A complete draft of the LC (along with complete drafts of the other guarantee-related agreements) will be provided to the winning bidder down the line for purposes of negotiation.
5.	Form LC, Sections VI.6,	SBLC Expiry and Claim Expiry is not Covered in BG Text	Please see Sections VI.6, 9, 10, and 11 of the form LC for arrangements for the LC's expiration, suspension,

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	9, 10, and 11		withholding, termination, reinstatement, and early cancelation.
6.	Form LC, Annexes	There are multiple references to different Annexures in entire SBLC Text. Kindly confirm whether the same will become part of SBLC Text or not	The annexes to the form LC are very much a part of the LC.
7.	Form LC, Section IV	Kindly clarify how Reinstatement; Changes in Maximum LC Amount will be advised and operated	Please see Section IV of the form LC.
8.	Form LC, Sections VI.6, 9, 10, and 11	Kindly Confirm to add SBLC Claim Expiry date in Clause 6	Please see the response under point no. 5 above.
9.	Form LC, Section VI.12	Kindly Clarify the "Substitution of LC Bank" as per Clause 12 of SBLC Text	This provision sets out arrangements for the LC bank to transfer the LC to another bank should the need arise.
10.	NA	Are the two agreements shared the only underlying documents or some more shall also be provided like bid initiation basis which the work is being done, Letter of Award, etc.	All SBLC-related documents relevant at this stage of procurement of the LC have already been made available to potential bidders.
11.	NA	Kindly Provide ICB document	This is an open tender and a complete set of tender documents has already been published online.
12.	Form RCA, Section 1.1, "Base Rate"	As per the proposed structure SBLC is to be issued in USD, in the event of shortfall in Escrow Account, SBLC issuing bank has to transfer USD equivalent to the shortfall amount to the Escrow bank. However, the interest rate in the bid is linked to Repo rate. A Foreign currency loan cannot be linked to Repo. Please review.	The Base Rate for the LC loan will be the Secured Overnight Financing Rate (SOFR). Please refer to RFP Corrigendum No. 10 dated 21 August 2024.
13.	Form RCA,	Please confirm on interest payment frequency	Please see the definition of "Interest Period" in the form

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	Section 1.1 ( <i>Defined Terms</i> ), “Interest Period”		RCA.
14.	NA	Since, NMCG is required to be established as a Borrower in the given transaction, please provide a copy of constitutional document establishing power to borrow, delegation of power if applicable for execution of loan documents.	All requisite documentation will be provided upon selection of the SBLC Bank.
15.	NA	As NMCG does not have regular cash flows and has to make payment through budgetary provisions, please confirm requisite approval has been taken from GOI and subsequently, we shall also put forward for our internal approval	NMCG has obtained approval of the Department of Economic Affairs, Ministry of Finance, as per the “Government Guarantee Policy 2022”. Further approvals will be obtained as and when required in accordance with applicable Government of India policies and procedures.
16.	NA	Please confirm there are sufficient internal documents like Board Resolution, etc. authorizing NMCG for borrowing from the bankers as the same would be required for execution of the loan documents	All requisite documentation will be provided upon selection of the SBLC Bank.
17.	Form RCA, Clause 2.3(a)	Please confirm both SBLC and STL, if availed shall be in USD. If so, the Rate of Interest of the facility shall be benchmarked against SOFR and will be paid by NMCG in USD	Confirmed. Both the SBLC and the short-term LC loan will be denominated in USD.  The benchmark interest rate has been changed to SOFR. Please refer to RFP Corrigendum No. 10 dated 21 August 2024.
18.	NA	We shall require contact details of IBRD (WB) for	NMCG will facilitate this outreach once the SBLC Bank has

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		seeking information for setting up limits on the entity once we get the bid	been selected.
19.	NA	We seek confirmation that the entire deal structure will be executed only in USD currency and there will not be any settlement in non-USD currency. We presume that NMCG and/or IBRD will settle their due and charges, if any only in USD dollar	Both the SBLC and the RCA shall be denominated in USD. Only the Processing Fee charged by the SBLC Bank shall be payable in Indian Rupees.
20.	NA	Please clarify on the value of the deal - Is it USD 19 Mio or only USD 9 Mio for three LC's.	Aggregate / Portfolio value of USD 9 million across the three (3) sub-LCs.
21.	NA	This SBLC text will be considered as “Revolving” instrument with NO aggregate maximum liability cap. We need clarification on whether there is any maximum reinstatement cap of the SBLC value once this drawing once paid by NMCG	There is no cap on the number of times the SBLC may be drawn and replenished
22.	NA	As per the SBLC and Guarantee Agreement both these instruments are “REVOCABLE INSTRUMENTS” (ie. which can be revoked by the Issuer of these respective instrument by provide a simple notice as per the annexure). As per the International Banking standard and ICC rules Bank's DO NOT issue any Revocable instruments in the market as it would result in reputational issue to the bank.	Both the SBLC and the Guarantee are irrevocable instruments. Please see Clause 12.2 of the form Guarantee Agreement, which indicates that the guarantee is “irrevocable, unconditional, and absolute”. Please see also the first paragraph of the form LC, which indicates that the LC Bank is issuing an irrevocable standby letter of credit.
23.	RFP, “LC Term”, p. 3	We need clarification on the SBLC and Guarantee validity as in certain clauses in RFP mention that SBLC validity to be 15 years and in other clauses it is mentioned as 17 years [15 years & 2 years	As the RFP indicates (“LC Term” p. 3), the end-to-end tenor or availability period of the aggregate / portfolio LC (USD 9 million) is expected to run from effectiveness of the sub-LC for the subproject that is the first to commence

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		commitment period]	<p>commercial operations until the end of the O&amp;M period of the subproject that is the last to complete commercial operations (expected Q4 2042). It is this total period that is anticipated to be 15 years.</p> <p>While the <i>portfolio</i> LC will have been issued and be effective previously, the <i>sub-LC</i> for a given subproject will only be <i>available / effective for draw</i> upon commencement of commercial operations under that subproject (The RFP indicates “staggered effectiveness based on O&amp;M effectiveness of each of the three sub-projects”). Please refer to the “LC Term” section of the RFP and the first paragraph of the form LC.</p> <p>The reference to two years is to the construction period that precedes the 15-year operation period. The LC will be in issuance during this period, but it will <i>not be available / effective for draw</i>.</p>
24.	Form LC, Section VI.6 ( <i>Scheduled Expiration of LC</i> )	The SBLC expiry event which calls for “LC Expiration Date” is non documentary condition. We need to understand who would notify “LC Bank” the LC Expiry date which is 3 months after the completion of the operation and maintenance period of the sub project.	This may be discussed with the successful bidder.
25.	Form LC, first paragraph, subpara. (a)	Referring to the SBLC Text 1 <sup>st</sup> paragraph clause (a) Annex [1] is missing in this RFP, regarding “Notice from Beneficiary confirming commercial Operation of any one (1) of the sub projects have commenced “	Noted. To be addressed during preparation of draft legal documents.

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26.	Form LC, Annex 3	SBLC text – section (III) “Demand for payment” requires demand statement to state “that the amount stated in such demand(s) is - (i)'due payable and remains unpaid', and (ii) ‘undisputed” - This statement marked in RED is missing in the Annex [ 3 ].	Please see Annex 3 (fourth paragraph, and subparagraph (b) of seventh paragraph) to the form LC.
27.	Form LC, Section VI.12	SBLC text states it is “TRANSFERRABLE IN PARTS...” which is not in accordance with the ICC Rules ISP98 and not as per the international Banking standards hence please let us know whether we can reword is “TRANSFERRABLE IN FULL AND NOT IN PARTS”	Please see Section VI.12 (second line and seventh-last line) of the form LC.
28.	NA	SBLC and Guarantee Agreement allows presentation of Demand and all other correspondence via EMAIL and FAX which is considered as a High Risk to Bank & Guarantor due to legitimacy issues /fraud possibility. Can this be routed through the Escrow Bank (Union Bank of India?) who is swift enabled?	This may be discussed with the successful bidder.
29.	Form Guarantee Agreement, Schedule 9 ( <i>Form of Notice of Effectiveness of Guarantee Agreement</i> )	As per the Guarantee Agreement there is a requirement to present “Guarantee effectiveness Notice confirmation “for this Annex template is not specified.	Please see Schedule 9 ( <i>Form of Notice of Effectiveness of Guarantee Agreement</i> ) –to the form Guarantee Agreement
30.	Form Guarantee	As per the Guarantee Agreement there is no	As the form Guarantee Agreement (Clause 8.1 – <i>Payments</i>

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	Agreement, Clause 8.1 ( <i>Payments by the Guarantor</i> )	reference made to cover the Penalty / Delay payment interest which would result in non-receipt of the Funds from the Guarantor after the “Guarantee Due date” ie [ 60 days after the Loan Due date]	<i>by the Guarantor</i> ) indicates, the Guarantor is obligated to pay the Guarantee Beneficiary the amounts demanded in any Demand Notice within 60 days of receipt of the Demand Notice.
31.	NA	There is no buffer period between the Guarantee Termination notice vs. SBLC Termination notice – this will put us in a difficult position where the Guarantee is revoked but LC Bank would have received a valid claim before LC bank send out “SBLC Termination notice”.	This may be discussed with the successful bidder.
32.	NA	Please advise whether the FEES associated to SBLC and RCA are paid by NCMG in the currency of this deal – ie. In USD only	Both the SBLC and the RCA shall be denominated in USD. The Processing Fee charged by the SBLC Bank shall be payable in Indian Rupees.
33.	Form RCA, Section 1.1 ( <i>Defined Terms</i> ), “Interest Period”	Please advise whether the Interest amount under the RCA is to be claim UPFRONT or REAR-ENDED.	Please see the definition of “Interest Period” in the form RCA.
34.	Form RCA, Article 4	Please advise what is the trigger point for the issuance of the SBLC .. Should LC Bank need to get any written notice/consent for issuance from the NMCG after receipt of relevant Guarantee from IBRD.	Please see Article 4 of the form RCA, which sets out the conditions precedent to issuance of the LC.
35.	Form LC, Section VI.2	SBLC agreement section (IV) related to Banking charges clause need clarity – as the charges to be paid by the LC Beneficiary instead of Obligor.	Please see Section VI.2 of the form LC, which indicates that all banking charges are for the Obligor (NMCG)’s account.

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36.	NA	With reference to LC Bank, this agreement does not substantiate the relation to the SBLC being issued	The query is not clear.
37.	NA	The provisions in SBLC regarding payment from guarantor are not covered here.	The query is not clear.
38.	NA	The charges recovery if not paid by the obligor will need to be reimbursed through this guarantee which does not seem to be included too.	The query is not clear.