

PRE BID QUERIES & CLARIFICATIONS

PRE-BID QUERIES FOR O&M OF PHASE-1 AND DBFOT OF PHASE-2 OF THE 'INTEGRATED COASTAL AQUACULTURE FACILITIES' AT MULAPOLAM VILLAGE, SRIKAKULAM DISTRICT, ANDHRA PRADESH IN PPP MODE

RESPONSES TO THE QUERIES ON THE 'REQUEST FOR PROPOSAL' (RFP) DOCUMENT

Sl. No.	RFP Clause/Sub Clause/ Page No.	Clause as Stated in the RFP	Queries Received	Clarifications
1	Section I – Instruction to Bidders 2. Bid Summary S.No. 13. Minimum Development Obligations (MDOs) Proposed by the NFDB for the 'Private Bidding Entity' in Two (2) Phases. Page No.16	Buy Back System	Can the Buy Back System Period Excluding implementation Period of 18 Months (1 ½ Year)	The Selected Developer may maximize the benefit from the 'Total Output Buy-back' by expediting the construction activity of Phase-2 and completing the same in less than 12 months, so that it can gain another 6 months of 'Total Output Buy-back' arrangement. This is an incentive for the speedy implementation and early commissioning of Phase-2.
2	Section I – Instruction to Bidders 2. Bid Summary S.No. 36. Payment of Royalty to the Authority Page No.22	Royalty to NFDB Payment	Requesting the NFDB Royalty bring down from 15% to 5%	Under Consideration
3	Section I – Instruction to Bidders 2. Bid Summary S.No. 34. Annual Lease Amount Page No. 21	Annual Lease Amount	Lease Price enhancement every 3 Years – 5% (10%)	RFP Condition remains unchanged.

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4	General		FIDF role of financial assistance against the project	Kindly refer to the FIDF guidelines available in the website.
5	General		Awareness Program/Events to be conducted by NFDB	Periodic Awareness Programmes are being conducted by MPEDA with the support of NFDB as clarified during the Pre-bid Meeting. NFDB is also taking up awareness through workshops, social media and through ICAR institutes and KVKs.
6	General		Technical Assistance from Competent Authority - Domestic/International	The Bidder is free to form a Consortium with Domestic or International Players in this Sector for the Technical Support. However, maximum number of Members in the Consortium shall be Three (3) including the Lead Member. Alternatively, the Bidder is also free to engage Competent Technical Agencies through separate contracts, without deviating the conditions of the Concession Agreement.
7	Section III - Draft Concession Agreement: Article 8 Section 8.3 Buy-back Agreement with the Authority Page No. 57	8.3.1 The Concessionaire shall, in accordance with the provisions of the Concession Agreement, shall produce the Specified Categories of Species & Outputs and Supply 100% of the 'Fry' and 'Fingerlings' Output (excluding Marketable Size from Grow-Out Ponds) to the NFDB at the 'Tendered Price' for the initial period of Six (6) Years including implementation period.	We request the Department kindly note that, the Developer shall be ready to supply 100% of the 'Fry' and 'Fingerlings' Output (excluding Marketable Size from Grow-Out Ponds) to the NFDB at the 'Tendered Price' for the initial period of Six (6) Years including implementation period, penalty clause as is mentioned in 8.3.5. However, "in case the department shall not take 100% of the said products during the above	Under Consideration

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		<p>8.3.5 Any shortfall in the supply annually below 100% of the Specified Quantities of 'Fry' and 'Fingerlings' in the initial period of Six (6) Years including the implementation period, would entail a Penalty @ 'Discovered Price' from the 'Price Bid'.</p> <p>8.3.6 In case of excess production of 'Fry' and 'Fingerlings' Output, during the initial period of Six (6) Years, NFDB shall have the first option to buy the excess production.</p>	<p>period, cost of the same shall be paid to the Developer by the department as mentioned in the Tendered Price Bid by the Developer". We request you to guarantee us the same through a clause which has to be mentioned in the Concession Agreement.</p>	
8	<p>Section III - Draft Concession Agreement Article 1, Section 1.1 Definitions Page No. 10</p>	<p>(n) <b>"Concession Period or Contract Period or Authorisation Period"</b> shall mean the period of 15 Years initially (Including the Development Period and Financial Closure Period), which shall be extended for another tenure of 15 Years, based on the 'Performance Indicators' and subject to the mutual agreement between the Authority and the Concessionaire;</p>	<p>We request the Department kindly note that, the Developer is investing a huge amount of around Rs. 120 Crores for development of the Project. However, 15 years initial lease period shall not be viable for recovery of such a huge capital and to reach breakeven point. Hence, we request the concession period to be initially extended to a minimum of 33 years as in</p>	<p>RFP condition remains unchanged  Please refer Clause 2.2 of Article 2 of Draft Concession Agreement (Section III of RFP).</p>

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			the case of other PPP projects and subsequently extendible to a period of another 33 years.	
9			We request NFDB to give unconditional surety on the Lease Agreement to the Bank for obtaining Loans for development of the Project. It is to note that No Bank will finance unless the project lease agreement is mortgaged. Hence, this clause has to be implemented in the Concession Agreement.	Under Consideration
10	Section I – Instruction to Bidders 2. Bid Summary Page No. 20	31. Special Conditions for Bidding Consortium 1. The Maximum number of members in the Consortium shall be Three (3) including the Lead Member	<ul style="list-style-type: none"> <li>• The Consortium as a whole shall be commit to hold a minimum equity participation of 51% in the Project SPC at all times during a period that shall not be less than 10 (Ten) Years from the date of signing of the Concession Agreement.</li> <li>• The chances of turnover for SPC bring a newly formed company shall not be 24 crores. Hence we request you to consider that either one of the</li> </ul>	As per Clause 4.5.7 of Section I of the RFP, the Sole Bidder or the Lead Member of the Bidding Consortium shall meet the Financial Eligibility Criteria.  RFP Condition remains unchanged.

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			<p>consortium partners or the consortium as a whole having a turnover of 24 crores shall be considered in eligibility criteria. Hence this clause has to be modified in the Concession Agreement.</p>	
11		Financial Assurances	<p>Owing to the huge capital investment of the project, we suggest the department to provide Viability Gap Fund as in other sectors like Food Processing. It is to note that various central and state governments have successfully implemented schemes like mega food park scheme (50% subsidy/max 50 crores), integrated food park scheme (50% subsidy/max 20 crores), forward, backward and cold chain linkages (35% subsidy/max 5 crores) etc. which has ensured the success of the sector. Hence, as in our case of exploring farming of new species a Viability Gap fund of around 35% on capital investment would ensure sustainability of the business model.</p>	<p>Based on the Feasibility Report prepared by NFDB, the project is feasible for the Developer. Therefore, the Authority does not envisage the need for viability gap funding for this project.</p> <p>The Developer is however, free to avail funding support from any other schemes under which they would be eligible to obtain government support.</p> <p>NFDB would provide support, on best effort basis, in any such cases.</p> <p>RFP conditions remain unchanged.</p>

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12			As in the case of enhancement of lease rentals by NFDB, the promoters also should be considered for enhancement in the procurement cost of FRY and Fingerlings for 10% every year to enable the promoter for viability of the project.	The price quoted by the Bidder shall take into account all such factors of escalation, market forces, etc., and quote a price that shall remain unchanged for the first six years. RFP condition remains unchanged
13			Since the success of the project depends mainly on the Marketability of the Product, we request the department to allocate sufficient budget for propaganda/marketing, and to appoint a monitoring committee for marketing.	As indicated in the RFP, NFDB will "Buyback 100% Output (excluding Marketable Size from Grow-Out Ponds)" for an initial period of Six (6) Years including the implementation period. In addition to the above, NFDB also has the first option to 'Buy-back the Output' during the course of rest of the Concession Period too. The said buy-back arrangement significantly minimises demand for marketing of the produce. Noted.
14			The said area being in Cyclonic Zone, we request you to consider including the "FORCE MAJURE" clause in the Concessional Agreement.	Please refer Article 12 Force Majeure in Draft Concession Agreement (Section III of RFP)
15			NFDB is requested to support the promoter for using alternative live feed as some species thrive only on such feed.	RFP condition remains unchanged.
16			Since technology transfer is both time taking and effort consuming exercise requiring promoters to communicate	RFP condition remains unchanged.

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			and travel across the globe, we request you to initially consider proposals with information of technology partners and consequently the promoters will submit final agreements with finalised technology partners.	
17		Suggestions for Sustainability of the Project	<ul style="list-style-type: none"> <li>• Since the success of the sector depends on the entire ecosystem as a whole, we suggest PMMSY Scheme to be extended to medium and large farmers and corporate companies which would ensure sustainability in all aspects like production, processing and marketing as in the successful case of shrimp farming across India. Also the scheme should be extended for large farm holdings (without limit on extent of land) to fit in a sustainable ecosystem model</li> <li>• If any entrepreneur proposes to develop integrated or Mega Aqua culture projects in more</li> </ul>	Noted.

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			<p>than 100 acres or in unlimited extents, AQUA and MARINE PRODUCTS PROCESSING POLICY has to be implemented by Ministry of Fisheries, Animal Husbandry &amp; Dairying, Government of India. The Government has to invite participation of Corporate Companies as their participation in sectors like seed, feed, bio medicines, nutrients, processing, cold chain linkages, packing etc. shall be made use by small farmers also. A MARINE PRODUCTS PROCESSING POLICY would ensure increase in Foreign Exchange thereby helping economy.</p> <ul style="list-style-type: none"> <li>Hence, NFDB has to recommend to Department of Fisheries, Ministry Fisheries, Animal Husbandry&amp; Dairying, Government of India for implementation of MARINE PRODUCTS PROCESSING POLICY for promotion of Integrated</li> </ul>	
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			Aqua Culture.	
18	Section I – Instruction to Bidders Clause 8 / 8.7 / 8.7.2  Page No. 67	The Concessionaire shall, in accordance with the provisions of the Concession Agreement, shall produce the Specified Categories of Species & Outputs and Supply 100% of the 'Fry' and 'Fingerlings' Output (Excluding Marketable Size from Grow-Out Ponds) to the NFDB at the 'Discovered Price' as per the 'Buy-back Agreement' for the initial period of Six (6) Years including implementation period.	Sale price offered to the Bidder should be either Bidder's quote or prevailing market price whichever is high.	RFP condition remains unchanged
19	Section IV - Project Information Memorandum  Clause 3 / 3.3 / 3.3.2  Page No. 24	Towards providing the rights to operate and manage the Phase-1 facility and towards the development rights provided for Phase-2 facility, the Private Developer shall, starting 7th Year from the signing of the agreement shall pay to NFDB, a 15% Royalty which is computed based on the capacities of the Facilities developed by the Private Developer	Royalty of 15% is very high in the Aquaculture sector with Margins not so high on an average basis, request the Royalty to be reduced to around 5%.	Already Clarified. Please refer S.No.2 above
20			Lowest sale price clarification had been sought in the pre-bid meeting on 2nd Sep 22 at Hyderabad	The selection of the Bidder shall be based on the Lowest Weighted Average Price quoted by the Bidders, as explained in the Clause 7.4.2.B. of Section I of the RFP.  The actual Purchase Price (Buy-Back Price) for each

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				category shall be as per the price quoted in the 'Price Bid' of the Selected Bidder and shall remain unchanged for the six years during which NFDB has provided a 'Buy-back' Guarantee.
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