

Line of credit to support construction of – PMAY Housing project

Tender No. CIDCO/CAO/Loan_MH/2020-21 (PMAY Housing Project)

Sr. No.	Bidder's Clarification	CIDCO's Reply
1	What is the kind of security that will be provided for PMAY Housing Project as it is not available in the tender document?	<i>Appropriate security will be provided as per requirement of the successful bidder</i> <i>Upto 1.5 times security in terms of PMAY dwelling units will be provided</i>
2	For PMAY, will the tenure of the loan be moratorium of 3 years and remaining tenure 2 years?	<i>Moratorium period of Loan is 3 years plus 5 years repayment of loan</i>
3	During the moratorium period will interest be serviced?	<i>Interest will not be served during Moratorium Period and be financed by IDC from Bank.</i>
4	Will prepayment of the Loan be made by Own funds or project cashflows	<i>Own Sources and Project Cash Flows</i>
5	Is the land being securitized on the books of CIDCO or GoM?	<i>Land can be mortgaged</i>
6	How much of CIDCO funding is from GoM?	<i>Nil</i>
7	Can we look into the conditional bid term in the tender as loan terms bid are under conditional approval till disbursement	<i>Rate of interest should not be conditional. Regulatory norms for loan processing will not be considered as conditions for this purpose</i>
8	Loan amount of INR 5000 crore is too large for some banks. Is consortium lending allowed?	<i>Consortium is allowed.</i> <i>However, CIDCO reserves the right to consider peak demand matching the lowest rate of interest by different banks/FI's/Merchant Bankers</i>

9	Is bidding allowed only on MCLR or is base rate allowed as well?	Allowed on both Rate of interest quoted by the Bank/FI's/Merchant Bankers is to be fixed for a minimum period of 3 months
10	Is external director allowed in the corporation?	No
11	Is the Spread fixed over the entire tenure?	Spread should be fixed over the entire tenure of the loan
12	Will there be any default escrow/ debt service reserve amount in the form of a liquidity shortfall security to be kept with the bank of an amount equal to payments for 1 quarter apart from land mortgaged?	As per the regulatory requirement In PMAY RERA regulations will be governing the account. Accordingly, we have to keep 70% of surplus amount in these accounts.
13	Is there any land acquisition cost?	Not Applicable
14	Is the amount being requested considering the escalated project cost?	Yes
15	What is the expected completion under PMAY	Expected completion starting from March 2023
16	What are the Initial charges which will not be included in the final rate calculation? Will Stamp Duty, registration, etc. be counted ?	All other charges other than interest rate should be in initial charges.
17	Will Arbitration be separate?	As per the requirement of Arbitration and Conciliation Act, 1996
18	When Prepayment is being paid from the internal Sources there is no prepayment charge involved. However, payment made through any other source is chargeable	As per tender condition
19	In the case I submit my bid on a particular date and the MCLR is different on the date the bid is opened, which rate will be considered?	As per tender condition
20	Will the spread be fixed over the entire tenure?	Yes
21	Are merchant bankers allowed?	Yes
22	Please clarify whether joint/consortium bids by banks/FIs will be accepted.	Yes
23	We understand from the tender document that this bid process is for obtaining In-principle sanction and requisite information about the Project, CIDCO etc. shall be shared for detailed assessment before the lender(s) approach their sanctioning authority for final sanction. Please confirm the same.	Yes confirmed
24	The tender document states that conditional bids will not be accepted. However, In-principle approvals typically come with conditions such as (a) subject to detailed assessment and (b) subject to final sanction by sanctioning authorities. We understand that these conditions will be acceptable.	Yes accepted

25	Please confirm that fees and pricing quoted by the bidders will not include expenses towards preparation of Techno-Economic Viability Report, Valuation Report, Lenders' Insurance Advisor, Lenders' Legal Counsel, Lenders' Independent Engineer, Stamp Duty , Registration charges and other charges customary for transactions of this nature. These charges are normally borne by the Borrower in addition to fees and interest rate payable to lenders.	All fees are to be considered under initial charges for final interest rate calculation
26	We understand that the moratorium of 3 years mentioned in the tender document is in respect of principal only, and no moratorium is proposed for interest payment. Please clarify.	No principal or interest will be serviced during moratorium period and interest will be financed using IDC from bank
27	Please clarify whether bids by financial advisory firms or merchant banking firms will be accepted	Yes accepted
28	Security package for PMAY Housing scheme not specified in the invitation for quotation. During pre-bid meeting, it was indicated that mortgage of project lands (27 pockets of project land) along with construction shall be mortgaged as security for the lender. In case of mortgage of project lands, CIDCO shall have clear, mortgageable and marketable title to the land, free from encumbrances.	Point Noted
29	In case of mortgage of project property, Mandatory NOC from lender shall be obtained for periodic release of charge prior to allotting respective dwelling units to the beneficiaries, with proportionate repayments to the lender against the units.	Yes
30	Whether the following additional safeguards for repayment would be available for long-term project funding PMAY Housing, as in similar projects : a. Escrowing of customer advances and sales realizations of PMAY Housing b. Escrow account with two quarters balance for principal & interest servicing. c. Default escrow mechanism on main collection account of borrower, to be triggered in case of any shortfall in debt-servicing	a. As per RERA Regulation b. No c. No
31	Whether the Loan tenure of 5 years indicated for PMAY Housing inclusive of the moratorium period of 3 years?	Moratorium period of Loan is 3 years plus 5 years repayment of loan
32	Whether pro-rata equity investment would be done by borrower during every quarter of loan drawl, to maintain debt-equity ratio as per financial closure?	No
33	Whether equity from time to time would be brought in from sale of flats or internal accruals of CIDCO & mechanism to take care of any shortfall in anticipated sales?	No

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34	Whether Interest during Construction Period (IDCP) during the moratorium would be serviced by the Borrower from own internal resources or funded by the loan?	<i>IDC is to be funded by the loan</i>
35	Whether Marketing charges, Administration & Supervision (A&S) charges, Provision for Escalation are included as part of project cost?	<i>Yes</i>
36	Whether funding for the projects exclude expenditure on land cost / land acquisition charges and any arbitration award / decrees on further compensation?	<i>Yes</i>
37	Whether Nominee director of lender on the Board of borrowing institution / SPV to safeguard lender's interests as per norms of financing institutions would be allowed for the instant projects.	<i>No</i>
38	Whether it is obligatory to provide a fixed rate of interest for entire tenure of loan or whether it could be linked to the 1-year MCLR or Repo rate or Base rate / Reference rate of the lending institution with a spread? Financial institutions generally do not follow MCLR linked rate of interest; but could provide rebate in rate of interest during sanction based on credit rating of the borrower.	<i>It can be fixed or can be linked to various mentioned reference.</i>
39	As per norms, Prepayment charges are not levied in case of prepayment from the project revenues or sources as envisaged in the cashflow; however it is levied in case of debt swap or take-over of loan by other banks or financial institutions.	<i>No prepayment charges applied as per tender norms</i>
40	The initial charges indicated in the bid format would include only application fees and front-end fees. All other incidental charges after sanction such as valuation fees, advocate fees for due diligence, stamp duty and registration charges for loan documentation, insurance premium for mortgaged /hypothecated assets over tenure of loan, Lenders' Engineer (LIE) or Lenders' Auditor Fees etc. shall be applicable and borne by the borrower.	<i>All fees are to be considered under initial charges for final interest rate calculation</i>
41	Although it is indicated that in-principle bid shall be unconditional, any sanction conditions as stipulated by the competent authority of lender shall be binding on the borrower for the loan sanctioned.	<i>Noted. As per regulatory requirements</i>


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