

Name of the Contract: Operation and Management of Nepalgunj ICP
Date of Publication of IFB: 26th June, 2023

Contract Identification No.: NITDB- O&M- ICB -07 (FY 2023/024)

Clarification No.: NITDB-O&M-ICB-07 (FY 2023/024)/CLR-1

Clarification Date: 6th August, 2023

Following Clarification has been made:

S.No	Clause/Article Reference	Bidder's Queries	Clarifications
1.	Section 6: Terms of Reference, Clause D (1.1)	<p>It is mentioned that TMC must place a motorised forklift at the ICP mandatorily and another one additionally on call. As the ICP is barely operative, and nature of cargo is anticipated to be such where forklift will not be applicable, it is requested that the requirement to place a forklift should be made only for "On call" basis. Placement of an equipment adds to the cost of operations, fixed charges like operator alary, machinery lease, and without substantial business in the initial period, it is requested that this financial burden is not put on TMC. We would also like to mention that the minimum lease rent asked for is already very steep and any additional cost loading on the TMC without a proper business case will only lead to making the project commercially unviable. We therefore request that all equipment placement should be made "On call" basis.</p>	<p>It shall be as per Bidding Document.</p>



<p>2. Assets being handed over – In Appendix G to (Information bidders)</p>	<p>A list of facilities within the ICP are mentioned which will form a part of the assets to be handed over. In this regard the following are the queries:</p> <p>a. Whether the officer's quarter will contain space for lodging of the TMC's personnel or that of Customs or both. In case of both, what will be the space bifurcation. As in case TMC's personnel are not given sufficient space to lodge at the ICP, it will add to the lodging and conveyance cost of the TMC for stationing the personnels at Nepalgunj.</p> <p>b. The Dining Hall cum kitchen is one single premises. Whether the same is built for common open to all canteen purpose for all users of the ICP or for personal usage of a specific group like customs, TMC, APF, etc.?</p> <p>c. Electric Sub Station does not contain the details and capacity of the transformer and also that of power backup generator. This information is vital as Nepalgunj border area electricity connectivity</p>	<p>TMC Shall have to manage the space as per operation needed in coordination with customs and lessor.</p>
		<p>Dining Hall cum Kitchen is common to all users.</p>
		<p>As per information provided in Detailed Engineering Report: 2 No. 1600 KVA Dry type Transformer. 1 No. 625 KVA DG Set + 1 No. 320 KVA DG Set+ 1 No. 125 KVA DG Set</p>



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<p>Requested to do Site Visit for better know how. Detail will be provided during handing over.</p>	<p>d. Pump House – The make, capacity and other details of water pumping system may please be provided. Also, whether separate tank and pump provision is made for fire fighting system.</p>
<p>Building Information has been mentioned in Bidding Document.</p>	<p>e. Whether separate building/office space is being provided for Customs Agents as they require space in the ICP to sit and operate. In other facilities like Birgunj, an entire building has been made by NITDB. Please elucidate your plans regarding housing the agents at the ICP which is critical for the success of the ICP.</p>

B. Rajeev



	<p>f. Common Facility Buildings mentions recreational/ refreshment area for labours, drivers, common canteen block. However, during the filed visit none such facility was observed. Only resting shed for porters were observed and not for labours. No canteen was also identified. Kindly clarify where these facilities are constructed and if not today it is present, by when NITDB will construct these and at what locations (on the map). In case NITDB does not construct, TMC will have to bear huge cost to make these which will make the project unviable commercially.</p>	<p>TMC shall have to manage the available facilities.</p>
	<p>g. Parking Container Yard was not observed to be present during field visit. Paving was there however no hard standing area was observed on prima facie inspection. You are requested to kindly clarify where the container yard is present and what is the capacity in terms of ground slots and load bearing capacity per sqm.</p>	<p>TMC shall have to manage the available facilities.</p>



	<p>h. As the assets being installed are new, like Weighbridge, Fire fighting system, you are requested to kindly provide a list of the warranty coverage period or is it that TMC will have to do maintenance/AMC of them from day one.</p> <p>i. The number of CCTVs and their make that will be installed and handed over by NITDB are not mentioned in the bidding document.</p>	<p>Generally, warranty coverage period is of 1 Year.</p> <p>Please visit the site for information. Whatever facilities are installed will be available for use and additional required facility shall be managed by the TMC.</p>
<p>3. IT Assets</p>	<p>Your kind attention is also requested on the matter of IT Assets that will be handed over. During field visit it could not be ascertained whether the entire terminal has optic fiber channel laid. Also, it was informed to us by the persons present there that no desktops/laptops will be handed over. This will be a huge cost as more than 100 desktops and more than 30 printers will be required for TMC, Customs and other users of the ICP. Also, there will be requirement of a category A server, firewall, etc. Your kind clarification is sought about who shall be bearing this capital expenditure for optical fiber laying, CCTVs, Servers, Firewall, Switches, Routers, Desktops, Laptops, Printers etc. which combined together has involvement of more than NPR 2 Crores.</p>	<p>Some of these facilities are installed. Bidders are advised to do site visit for verification and shall have to manage by themselves if not sufficient as per their operation plan.</p> <p>Desktops/laptops/Printer required for customs and other government staffs will be managed by customs and other government staffs themselves.</p>



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4.	Air Conditioners	<p>It is requested that NITDB mentions the entire list of air conditioners that will be installed at the terminal by NITDB or whether it has to be installed by TMC. As per our assumption, more than 150 Air Conditioners will be required including officer's quarters, offices of TMC and customs, APF Barracks, etc. This will tantamount to capital expenditure of more than NPR 1.75 Crores. Also, the cost of electricity of these air conditioners will be extremely high. You are therefore requested to kindly clarify on this matter with list of Air Conditioners location planned.</p>	<p>Please visit the site for information. Whatever facilities are installed will be available for use and additional required facility shall be managed by the TMC.</p>
5.	Facility being under development	<p>The facility is under development and it is therefore requested that the realistic date of completion is mentioned for clarity of all bidders. As per our observation there is still 3-4 months of work pending for operationalising the ICP. Also, whether planning is done by NITDB in such a manner that some area will be operationalised under TMC while RITES/Developer continues to work at the site. Alternatively, the date of FAC may be intimated. These information are vital as it may cause hampering in operations. NITDB is requested to kindly make available the entire planning in this regard so that TMC can plan the cost attached accordingly.</p>	<p>The whole area will be handed over to TMC. But without hampering the operation of ICP, Contractor can do the remaining specified work.</p>
6.		<p>Further to the above point, the timeline of operationalising the ICP is critical as the bid document mentions that bidder will have to provide performance security within 15 days of LOI and thereafter has to take</p>	<p>This issue will be solved in Contract Negotiation as per ITB Clause no.36. Performance Security is</p>

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	<p>over the ICP Operations within 15 days of signing the agreement. What will happen in case the ICP is not even operational on the day when these timelines expire as per the contract. It is therefore requested that necessary provisions are made in the bidding document to cover such contingencies else the TMC will be in predicament and suffer financial losses in terms of Bank Guarantee cost and revenue loss.</p>	<p>required only after successful negotiation and issue of Letter of Acceptance.</p>
<p>7. IT Database Access – Section 6</p>	<p>Terms of Reference Clause F mentions that “The TMC shall give automated access to the Lessor to its electronic database to extract the above information in order to create and maintain a corridor monitoring database”. It is requested to remove this mandatory clause as it may not be operationally feasible. Softwares, databases may run on different platforms and putting a mandate on TMC to integrate with NITDB will post additional cost as incompatible software/platform may require complete overhaul. It would make sense if NITDB would provide the software for operations from Day One as per the needs and requirements of TMC and in which case such integration on software level can be explored. Also, on the hardware front, firewall and server configuration is important aspect to explore integration and incompatibility to data and security needs may lead to problems. The clause also mandates that TMC will have to use NITDB’s nominated software on their instructions which is</p>	<p>It shall be as per Bidding Document. It is successfully practiced in other ICP.</p>


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		<p>also seen as an operational constraint as the software functioning will differ from that of TMC's existing software requiring training of users, migration of data and also it will not contain the reports which TMC will require for their day-to-day operations MIS, financial MIS and other features. This software is also perceived not to be integrated with accounting package. This will lead to a huge cost and hassle for all parties involved especially TMC and may also result in an IT Catastrophe. It is therefore requested to remove this clause and limit the requirement to only sharing of the data required by NITDB through daily email at 20:00 Hrs from the TMC.</p>	
8.	Base Volume	<p>The base volumes kept for Year 1 onwards is even below the current traffic as the volume conversion ratio of tankers and other large vehicles like containers seem to have not been captured. As per the current traffic, the volume itself calculates to 55,000 Equivalent trucks after taking into consideration the conversion ratio. Whereas, the base traffic has been assumed as negative at 35,000 for Year 1 i.e 57% negative. The bid has been devised in a manner that TMC will be in loss from year 1 itself due to payment of steep minimum lease rental and then on top of that revenue sharing. It is requested that the base traffic for Year 1 is revised to a realistic estimate of 85000 equivalent trucks and thereafter increased accordingly. You may refer to a similar terminal like ICD Kakarbhitta's bid document</p>	<p>It shall be as per Bidding Document.</p>


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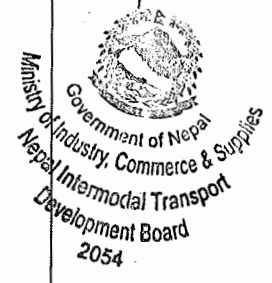
		<p>(year 2020) as well as for ICD Bhairahawa (2022) for comparison for revenue sharing rate and base volumes and will understand that the base volumes assumed are extremely low while revenue sharing rate is abnormally high causing mandatory revenue sharing and heavy losses for the TMC.</p>	
<p>9.</p>	<p>Revenue Sharing</p>	<p>Your kind attention is also brought on the fact that there is an unfeasible figure put for revenue sharing of NPR 418 in year 1 per equivalent truck and thereafter steep increase to NPR 461 (18% Hike) and so on and so forth, while the collection per equivalent truck is only NPR 259. So the TMC will in fact pay NPR 160+ per equivalent truck (difference of revenue sharing rate v/s entry fees) to NITDB from their own pocket at 100% loss due to this revenue sharing rate. Also, majority of the traffic is FEUs at Nepalgunj which means the TMC will lose 3 times (conversion ratio) due to revenue share per vehicle i.e NPR 480+ of loss. Further, the traffic is such where warehousing and other ancillary revenue will be zero as most of the traffic is tankers and containers which go for final delivery without destuffing. It is therefore requested to kindly revise the revenue sharing rates to NPR 80 per equivalent truck so that TMC is not penalised for increase in traffic and rather incentivised to increase the business. The current assumption is ascertained to be unreasonable and financial catastrophe for TMC.</p>	<p>It shall be as per Bidding Document.</p>




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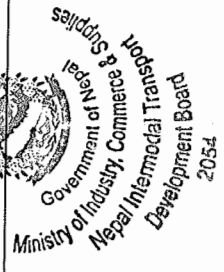
10.	Basis of Financials	It is requested that NITDB shares the basis of their financial calculations as under no scenario we can compute that the combined revenue in 5 years shall be more than 5 Crores NPR given the current traffic and nature. On top of it, there will be expenses of operating and maintaining the terminal which will leave the TMC with heavy losses. The base traffic assumed is also low with negative pricing on revenue sharing as highlighted above. We humbly submit that the basis of financials may have been made on assumptions which are in departure from ground reality and business case, and we therefore request that NITDB shares the calculation with bidders so that it can be reviewed by all interested parties.	Bidders need to analyze the required data on their own assumptions and plan. The basic data are available in the Bidding Document.
11.	Volumes for 2079-80	It is requested that the actual volumes handled in year 2079-80 are made available, even if provisional, as that will give a more realistic picture of the current business volumes at Nepalgunj. The current figures are dated to more than one year and do not give a realistic picture.	Available data are provided in the Bidding Document and bidders are advised to access additional required data on their own.
12.	Development programs of Phase 1 & Next Phases	It is requested that NITDB shares the further development and their investment plans at the Terminal in Phase 1 with timelines as it will be critical to ascertain the capacity of the terminal. Also, the timelines and planning for next phases on balance land of approx. 30 hectares may please be shared.	Bidders need to plan Operation of ICP on the basis of current available infrastructure.



13.	Closure of current LCS	It is requested that NITDB gives 100% Guarantee that entire traffic will flow through one border point i.e ICP Nepalgunj from first day and the existing LCS will be shut down. In other border points like Birgunj, it was seen that in spite of ICP being there, 200 trucks would continue to move through old border point. If the same model is repeated in Nepalgunj, TMC will be in complete loss as entire lease rent would have to be payable by them while entire volume would not flow through ICP. In which case, will NITDB grant rebate on Minimum Lease Rent?	ICPs have been built to channelize the cargo and passenger through ICP. NITDB will not grant any rebate on MLR on this issue.
14.	Cargo Categories	It is also requested that NITDB clarifies that all categories of cargo including but not limited to, perishables, industrial cargo, loose cargo, dusty cargo, etc. will flow through ICP Nepalgunj only and not any other border point at Nepalgunj.	ICPs have been built to channelize the cargo and passenger through ICP.
15.	Residual Value of investment by TMC	It is requested that the bid document clarifies about the residual value of investments made by TMC in the terminal that NITDB will pay to TMC after contract completion for each category of assets. Will the depreciation be calculated as per any defined statute like Income Tax Act or Companies Act, etc and whereby NITDB pays the TMC the residual book value at the end of contract period.	It shall be as per Bidding Document.
16.	Lease period	As the terminal is new the lease rent is kept very steep along with a lot of uncertainties on the capital expenditure and financial viability front.	It shall be as per Bidding Document.


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	It is thus requested that the tenure of the contract is revised to 10 years so that there is substantial time to generate business and recover the initial period losses as it is certain that TMC will be in heavy losses in first five years unless this bid document is reviewed and revised. This is a much-needed amendment in the bid so that TMC can make it a financially viable project.	
17.	The contract and bid document is silent about the accrued revenue which will be unrealised by TMC on last day of contract period i.e after 5 or 10 years on the date of contract completion. On that date, when TMC hands back the terminal to NITDB, there will be stock in open yard, warehouse, storage revenue, parking revenue which will accrue but remain unpaid to TMC due to non-delivery, in which case will NITDB pay the entire sum to TMC when it takes back the terminal?	This issue will be solved in Taking Over/ Handing Over of the ICP at the end of the contract period.
18.	The bidding document tariff structure is identical with all the previously floated tenders for the other ICPs and ICDs. The tariff is found to be silent on increase of sub-lease charges from Year 2 by 10% and thereafter Year 4 by 10% along with all other charges. It is expected that this charge shall also increase to keep in line with hike on other charges and inflation.	There will be no increment in specified sub-lease charge. It shall be as per Bidding Document.
19.	Rail Link NITDB is also requested to kindly clarify the planning and timeline regarding rail connectivity of the terminal like other locations	There is no information regarding this at present.



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20.	Section 4.3	<p>(Biratnagar). Also, whether there is planning of passenger railway also during the contract period.</p> <p>Says that "A non-Nepalese Bidder or a non-Nepalese JV company should submit a self- declaration as per Attachment 5 to TECH-1, that it is duly incorporated and has cleared applicable taxes as required by the laws of the country of incorporation", as per this In case of a non-Nepalese TMC, do bidder have to declare name of local partner or local Jv at the time of Bid ?</p>	<p>It shall be as per Bidding Document.</p>
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B. Rajar

