

## **FREQUENTLY ASKED QUESTIONS**

**Q1. Is the land title clear and land use is mentioned in the tender document?**

Ans. Yes. The relevant documents are attached to the bid document.

**Q2. Is the land provided is encroachment free?**

Ans. Yes. The site is handed over free of any encroachment.

**Q3. What is the lease period?**

Ans. Generally 30-45 years for Commercial development. In case of Residential development, the period of lease is decided on case to case basis based on market conditions & may be upto 90 years.

**Q4. Who can participate in the bidding process?**

Ans. Public Limited Co., Pvt. Ltd., Registered Limited Liability Partnership Firm (LLP), Co-op. Society, Trust, Individual, foreign company incorporated under the laws of country of registration, JV/Consortium etc. The partners of a partnership firm can also participate as individuals.

**Q5. What is the bid document fee?**

Ans. Rs. 25000/-. If the bid form is downloaded from RLDA's website, the fee can be submitted in the form of DD along with the bid.

**Q6. What is the bid validity period?**

Ans. Generally 120 days.

**Q7. What is the bid variable?**

Ans. Net present value (NPV) of all installments of lease premium and annual lease rent over the lease term, computed at the discount rate of 15% pa, shall be the bid variable for selection of bidder.

**Q8. What is the bidding system for selection of developer?**

Ans. Single stage Bid (Two Packets) system consisting of 'Eligibility Proposal', bid document fee, Security Deposit & other documents in First Packet and 'Financial Proposal' in Second Packet.

**Q9. What is the Technical eligibility criteria?**

Ans. The bidder should have successfully completed (as a developer or contractor or owner), in the last 10 years preceding the bid opening date, at least one real estate project equivalent to a minimum of 20% of the size of the proposed project or multiple real estate projects with aggregate minimum size equal to the size of

the proposed project (in terms of BUA). Partly completed projects (ready for occupation) also permitted.

The smaller projects valuing upto Rs 10 cr NPV do not have any technical eligibility criteria.

**Q10. What is the financial eligibility criteria?**

Ans. It is based on the audited annual financial statements/income tax returns of the last three financial years preceding the bid submission date. The bidder should have achieved an average turnover of 35% of the NPV of the project over last 3 years. There is no financial eligibility criteria in small projects having NPV of Rs. 10 Crore or less.

**Q11. Are any taxes payable by Lessee?**

Ans. From the date of taking over of possession of Land/Airspace, the Lessee shall be liable to pay all Central/State Govt. and municipal taxes, levies, import duties, fee etc.

**Q12. What happens if the bid price is quoted in other currencies?**

Ans. The rate of conversion adopted is as per RBI reference rates as on the first day of the month proceeding the month of opening of bid.

**Q13. Who will process for the approval of drawing/plans?**

Ans. For commercial sites, developer is required to obtain all the relevant approvals at his cost. All the plans are to be developed by the developer as per Local Building Byelaws. For MFCs, being operational building of Railways, RLDA approves the drawings & may/may not require the approval of Local bodies.

**Q14. What is the prescribed time for giving possession of land for development?**

Ans. Generally within 30 days from effective date. The Lessee is entitled to terminate the agreement within 1 year of execution of lease agreement if RLDA fails to provide ROW.

**Q15. Land is transferred to the developer or not?**

Ans. No. The land is given to developer on lease for the fixed term.

**Q16. What are the contents of bid document?**

Ans. **LDHB Part I** –Regulations for bids and lease agreement.  
**LDHB Part II** –General Conditions of lease agreement and Annexures.  
**LDHB Part III** –Instructions to bidders and bid forms

**LDHB Part IV** –Special conditions of lease agreement.

**LDHB Part V** –Schedule and specifications

Part I, II are non variable and are available on RLDA website. Part III, IV, V are variable and are site specific.

**Q17. What is the construction period and is it included in the lease term?**

Ans. For MFCs, it is generally 2 years and is included in the lease term.

For Commercial sites, it can be upto 10 years and is included in the lease term.

**Q18. Whether any success fee is payable to consultant?**

Ans. Yes, for commercial sites only.

**Q19. What is the amount of success fee?**

Ans. Generally, it is as under:-

For upfront lease premium upto 10 Cr. - 1% subject to min. of 1.0 Lakh.

For upfront lease premium 10-50 Cr. - 10 Lakh + 0.5% of amount by which  
upfront lease premium amount exceeds  
Rs. 10 cr.

For upfront lease premium 50-100 Cr. - 30 Lakh + 0.25% of amount by which  
upfront lease premium amount exceeds  
Rs. 50 cr.

For upfront lease premium >100 Cr. - 42.5 Lakh + 0.1% of amount by which  
upfront lease premium amount exceeds  
Rs. 100 Cr. subject to max. of Rs. 2 Cr.

**Q20. Whether the success fee is payable in one installment?**

Ans. It is to be paid in two stages:-

Stage I - 25% with 30 days of issue of LOA.

Stage II - 75% on signing of Lease Agreement.

**Q21. Is the agreement signed with the selected developer?**

Ans. The selected developer has to form a Special Purpose Company (SPC) for signing of agreement under Indian Companies Act, 2013.

The lease agreement is signed only after payment of full amount of lease premium and Performance Bank Guarantee (PBG) or after payment of first installment and submission of BGs for subsequent installments and PBG or after payment of 1<sup>st</sup> installment and submission of PBG and opening of Escrow account for the project, as the case may be.

**Q22. What is the shareholding pattern in SPC?**

Ans. The shareholdings of the parties in SPC can be decided by the bidder and intimated to RLDA. The bidder shall maintain Shareholding of 99.9% equity in the SPC till signing of Lease Agreement. The bidder shall hold more than 50% in the paid-up and subscribed equity share capital of the SPC till the first anniversary of the date of completion of project or till full payment of lease premium i/c interest, if any, whichever is later.

**Q23. When the SPC is to be formed?**

Ans. Within 90 from the date of issue of LOA. RLDA may extend this period on reasonable grounds.

**Q24. How many partners in JV/Consortium and what are existing provisions?**

Ans. The consortium can be formed for bidding process having maximum 4 partners. The consortium has to form SPC after selection as Lessee for signing of agreement. All the partners are jointly and severally responsible.

**Q25. What is the amount of Performance Guarantee?**

Ans. 5% of Lease Premium quoted by bidder.

**Q26. What is the time allowed for signing of agreement?**

Ans. Within 120 days of issue of LOA subject to payment of 1st installment of lease premium + BG, submission of Performance Guarantee, incorporation of SPC, and payment of full success fee.

**Q27. What is the consortium requirements?**

Ans. i) The aggregate Technical & Financial eligibility of individual can be considered provided such members hold at least 10% of equity (for consideration of Technical eligibility) and 26% of equity (for consideration of financial eligibility). Lead Member must have minimum 50% of financial eligibility.  
ii) No. of members shall not exceed 4.  
iii) Consortium shall furnish a Joint bidding agreement on Stamp paper.  
iii) Change of lead member not allowed.  
iv) RLDA may allow change of consortium member prior to opening of financial bid subject to certain conditions.

**Q28. When can Lessee start the marketing & sub leasing?**

Ans. After certification of plans from Nodal Officer and approval of plans from concerned Govt. Authority, the Lessee shall be entitled to market any space in the Assets/Utilities through provisional letter of allotment subject to certain conditions. However, Sub lease deed as per pre-approved format of RLDA can be signed only after completion certificate.

**Q29. What role does the Railway play?**

Ans. Railway shall provide suitable access from surrounding Railway land for bringing utilities such as water supply, power supply and sanitation without any way and leave charges. The circular in this regard is available on RLDA website.

**Q30. For the re-development, who will take care of accommodation to displaced persons?**

Ans. Developer has to provide the same at his cost.

**Q31. What are the development rights prior to getting Right of way to site?**

Ans. After signing of agreement, lessee shall have following rights before getting ROW:-

- i) Planning & Designing of project;
- ii) Raising finances through equity and debt;
- iii) Appointing subcontractors.

**Q32. When the right to commence commercial operations are provided?**

Ans. After the issue of completion/Provisional Completion Certificate by Nodal Officer of RLDA and occupancy certificate from concerned State Govt. Authorities, if applicable.

**Q33. Is the area given in the tender document final?**

Ans. The area is approximate. The site shall be jointly surveyed by RLDA and Lessee for arriving at actual area prior to signing of agreement.

**Q34. Is any extension given for payment of lease premium?**

Ans. 60 days extension is allowed on payment of first installment, which can be further extended by 30 days with 3% penal interest.

**Q 35. Whether TDS is applicable?**

Ans. No. RLDA being an authority of Union of India, is part of Govt. and TDS is not applicable on payments made by Lessee.

**Q36. What is the general payment procedure/payment schedule?**

Ans. The payment terms are flexible and vary from site to site. Generally, payment is received by RLDA in 3 installments for smaller sites. For bigger projects, more installments are kept. However, there is provision of early payment also.

The annual lease rent is to be paid in advance every year and shall be revised upward by 15% every third year (compounded) during the entire term. The first

annual lease rent shall be payable from the day after the last installment of lease premium. The subsequent Annual Lease Rent is payable in advance at the beginning of each financial year by 10<sup>th</sup> April.

**Q37. Is there any limit to Lease Premium and Annual Lease Rent?**

Ans. For MFCs, lease premium and annual lease rent constitute 50% weightage subject to minimum of Rs. 50,000/-.

For Commercial sites, the annual lease rent is 0.5% of lease premium.

**Q 38. What happens after the lease period?**

Ans. At the expiry of lease period, the developer has to hand over the peaceful possession of site along with the Assets and project utilities etc. to RLDA free of cost. However, if Railway/RLDA decides to grant lease rights to Pvt. Lessee for a future term, the Lessee will be given right of first refusal in fresh bidding.

**Q. 39. What are the provisions of Extension of Time for construction?**

Ans. EOT for construction can be granted subject to valid reasons and subject to certain conditions.

**Q40. How the Lessee is allowed to arrange the finances for project?**

Ans. The Lessee can enter into Financial Agreement with the Lenders. However, Lender's interests are protected by execution of the Substitution Agreement.

**Q41. Is the Escrow Account mechanism is to be followed?**

Ans. Escrow Account Mechanism is generally followed for large projects of Commercial Development.

**Q42. Is the Lessee required to maintain any insurance?**

Ans. Yes. The requisite insurances, as are required for Projects as per applicable laws, are to be maintained by Lessee within 45 days of effective date.

**Q43. Is there any incentive for early payment?**

Ans. In case Lessee pays the full amount of any or all the subsequent installments then the corresponding amount of the installment shall be reduced by discounting the same @8% p.a. calculated on the number of days shorter than 12 months (365 days).

**Q44. If any utility is formed, who will relocate the same and pay for it?**

Ans. Utility diversion to be taken up by Lessee only. Cost of Utility diversion, within 3% of estimated cost of construction of project shall be borne by Lessee. If cost is

more than 3%, the excess (max. upto 10% of Lease Premium) shall be borne by RLDA by corresponding reduction in Lease Premium.

**Q45. Who is the principal employer for the purpose of Industrial Act?**

Ans. The Lessee.

**Q46. What are the standards for re-development works?**

Ans. The specifications are given in the bid documents as per site requirements.

**Q47. What is the time period for re-development works?**

Ans. It depends upon the quantum of Re-development works. However, total period of construction including re-development project shall be 10 years for commercial sites.

**Q48. What happens if area or built up area is exceeded?**

Ans. The Lessee has to pay on pro-rata basis.

**Q49. What happens if area or built up area is reduced due to any notification etc.?**

Ans. Lessee is entitled for Pro-rata reduction in Lease Premium & Annual Lease Rent.

**Q50. What is the Jurisdiction of Court for any legal matters?**

Ans. Delhi.

**DISCLAIMER: THE TENDER CONDITIONS VARY FROM SITE TO SITE AND THE SAME IS MENTIONED IN THE TENDER DOCUMENT OF THE PARTICULAR SITE.**