



**DIRECTORATE OF FOOD  
(ACCOUNTS WING)**

No.ABI(1)-2/2020

Dated Lahore the 09<sup>th</sup> February, 2021

Subject: **INVITATION OF OFFERS FOR REGULARIZATION OF OUTSTANDING LOANS AND OBTAINING FRESH LOAN FACILITY UNDER COMMODITY FINANCING ON WHEAT ALONGWITH MARKUP RATES FOR THE QUARTER APRIL-JUNE, 2021 OF PUNJAB FOOD DEPARTMENT**

Scaled offers are invited for the lowest markup rates under Cash Credit Financing for Commodity Operation of wheat for the quarter April-June, 2021 under the following conditions:-

- Punjab Food Department (PFD) intends to borrow up to PKR 600.00 billion from Financial Institution(s)/Bank(s) under Cash Credit Financing for Commodity Operation of wheat for the quarter Jan-Mar 2021. Purpose of this financing is to regularize the outstanding loans of Food Department and to obtain a fresh loan Facility for Commodity Operations of wheat / Imported Wheat for the quarter APRIL-JUNE, 2021.
- All commercial banks, including conventional as well as Islamic banks, regulated by State Bank of Pakistan are eligible to submit their sealed bids on the bidding format provided by PFD. Compliance with bidding format is mandatory, otherwise, bid may be rejected.
- Following terms & conditions shall govern the bid submitted by interested banks.

**Max. Loan Amount:** PKR 600 billion

**Borrowing Type:** The loan will be in the nature of Commodity Financing. The borrowing spread for this facility shall be locked for 03 months i.e. April'21 to June'21 which may also be fixed for next quarter subject to the willingness of PFD and bid winning banks.

**Collateral/Security:** No other collateral/security shall be offered except the hypothecation of wheat stock & receivables and the Guarantee of Federal Government. The amount of Cash Credit Financing is subject to approval of Federal Government and may be reduced / enhanced / revised without any claim of the bidder.

**Eligibility:**

- All financial institutions/banks regulated by State Bank of Pakistan are eligible to bid for this financing facility as a single entity or part of consortium.
- The independent banks (Conventional or Islamic) that intend to participate through any consortium will have to get NOC from the Food Department before submitting the bid.
- Each financial institution/bank may individually bid an amount not less than PKR 2 billion and a maximum of no limit.
- The formation of any new consortium is not allowed.

**Bidding Criteria:**

- Each bank shall quote fixed spread (in % p.a.) that it will charge in addition to benchmark KIBOR to reach the applied rate given as under:  
*Three(03) Month KIBOR + fixed Spread(% p.a)*
- Food Department shall rank the bids from lowest to highest- lowest being the bid quoting lowest spread against relevant benchmark KIBOR rate and highest being the bid quoting highest spread against relevant benchmark KIBOR rate.
- Any bid offering Conditional markup rates and/or slab markup rates will not be accepted.
- Bids / Offer shall be valid for 03 months i.e. April'21 to June'21, therefore, any condition regarding time limit shall not be accepted.
- If any bank backs out from its given offer then PFD may black list that bank for future borrowings.

**Draw Down:** Food Department may withdraw or repay the loan to any bank in one or more installments at any time during the borrowing period.

**Profit on Debt/ Mark-up:**

- Markup for a repayment period shall be computed at the end of period on the basis of applied rate and the amount outstanding on each date during the repayment period.

- Ask side KIBOR available on SBP's website on last day of the previous quarter shall be used for mark-up/profit calculation.

**Other Terms & Conditions:**

- No bid shall be considered if received after the deadline for bid submission.
- Bid validity shall start from the last date of bid submission deadline.
- Food Department may reduce/increase/revise the amount of financing subject to the approval of Federal Government; without any claim of the bidder/financier.


**Other Fees:**

- No commitment, advisory, arrangement, legal or any other fees or charges in connection with this transaction shall be borne by the Food Department, Government of the Punjab.
- Bank Commission maximum upto the rate of 3/8 % of the amount directly disbursed to grower during procurement drive 2021-22 April-June, 2021 shall be paid to the participating banks. The procurement business shall be allocated from lowest to highest in proportionate to rate of commission offered by the bank.

**Non Obstante Clause:** Notwithstanding anything to the contrary Punjab Food Department reserves the right to reject / accept all offers subject to relevant provision of Punjab Procurement Rules 2014. Furthermore, acceptance/rejection of any other explicit or implicit condition by the Consortia / Banks shall be the sole discretion of the Committee on Commodity Financing of PFD which may reject any or all conditions of the bank without assigning any reason.

- iv. In case your bank is interested to lend to the Food Department Gov Pb, you are requested to submit your bank's Bid in the prescribed Bidding format only.
- v. Bidding documents containing the prescribed bidding format are available in Directorate of Food (ACCOUNTS WING) during office hours from the date of publication and have also been uploaded on PPRA website and on Punjab Food Department's website. Any bid submitted on a format other than the format specified by the Punjab Food Department shall be declared non responsive.

Sealed offers shall be received in the office of Secretary Food upto **11.00 A.M.** on **03-03-2021 (WEDNESDAY)** which will be opened on the same day at **11.30 A.M** in the office of Secretary Food Punjab, Robert Club Building, Civil Secretariat Lahore in presence of interested parties or their representatives.

  
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