

No.3/2/2016-Plant C
Government of India
Ministry of Commerce & Industry
Department of Commerce

New Delhi, Udyog Bhawan
Dated the 16th May, 2016

Subject: Letter of Invitation to Expression of Interest(EOI) for Empanelment of Insurance Companies for Implementation of Central Sector Revenue Insurance Scheme for Plantation Sector (RISPC) during 2016-17 and 2017- 18-reg.

EOI is invited from interested Insurance Companies registered with IRDA for empanelment by the Department of Commerce for implementing the Central Sector Revenue Insurance Scheme for Plantation Sector (RISPC) during 2016-17 and 2017-18 respectively. The scheme is to be implemented in 7 selected districts (Annexure-I) in 6 States viz, Kerala, Tamil Nadu, West Bengal, Karnataka, Andhra Pradesh and Sikkim on pilot basis during one crop cycle commencing from 2016-17 and spread over two years. The performance of the scheme will be evaluated at the end of the year 2017-18 for up-scaling of the scheme.

2. The scheme is intended to provide financial assistance to growers of selected plantation crops viz; Rubber, Tea, Coffee(Robusta and Arabica), Tobacco and Cardamom(small and large) to protect the revenue loss in terms of price and yield in selected 7 pilot districts initially and is proposed to be scaled up to the entire country. The pilot scheme is supposed to benefit 1,75,688 small growers having land holding upto 10 hectare covering an area of 201629 ha.

3. Detailed Terms of Reference (ToR), eligibility criteria, EOI formats and Summary schedule are enclosed.

4. The EOI, duly accompanied with complete details of the Company, audited financial statement and evidence of experience such as project completion certificate should reach the Office of Under Secretary(Plantation), Room No. 250-A, Department of Commerce, Udyog Bhawan, New Delhi by 1.00 p.m. on 15th June, 2016. The advertisement is also available in the website of the Department of Commerce www.commerce.gov.in

5. The Department of Commerce reserves the right to accept or reject any or all EOI(s) without assigning any reason whatsoever.

Encl. as above


(Anita Karn)
Director (Plantation)
Tel No. 011-23063648

To
All Insurance Companies
(as per list attached)

List of Insurance Companies:

1. The Chairman-cum-Managing Director, Agriculture Insurance Company of India Ltd. (AIC), Ambadeep, 13th Floor, K.G. Marg, New Delhi-110001
2. MD & CEO, ICICI-Lombard General Insurance Company Ltd., ICICI Lombard House, 414, Veer Savarkar Marg, Near Siddhi Vinayak Temple Prabhadevi, Mumbai – 400025.
3. Managing Director, IFFCO-Tokio General Insurance Company Ltd., IFFCO Tower, 5th Floor, Plot No. 3, Sector 29, Gurgaon – 122001.
4. Managing Director, HDFC-ERGO General Insurance Company Limited, 6th Floor, Leela Business Park, Andheri-Kurla Road, Andheri (E), Mumbai- 400059.
5. Managing Director, Cholamandalam MS General Insurance Company Ltd., Dare House, 2nd Floor, No.2 NSC Bose Road, Chennai-600001.
6. National Head- Rural Business, Tata-AIG General Insurance Company Ltd., A-501-, 5th Floor, Building No. 4, Infinity Park, Dindoshi, Malad (E), Mumbai-400097
7. MD & CEO, Future Generali India Insurance Company Ltd., Indiabulls Finance Centre Tower-1, 12th & 15th Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai-400013.
8. Executive Director & CEO, Reliance General Insurance Company Ltd., Reliance Centre, 19, Walchand Hirachand Marg, Ballard Estate, Mumbai-400001
9. Chief Marketing Officer, Universal Sompo General Insurance Company Ltd., Unit No. 401, 4th Floor, Sangam Complex, 127, Andheri Kurla Road, Andheri (East), Mumbai-400059.
10. National Manager-Product Development , SBI General Insurance Company Ltd., 'Natarj', 101, 201 & 301, Junction of Western Express Highway & Andheri Kurla Road, Andheri (East), Mumbai-400069
11. Managing Director & Chief Executive Officer, Bajaj Allianz General Insurance Company Ltd., GE Plaza, Airport Road, Yerwada, Pune-411006.

Annexure I

List of 7 Pilot Districts under RISPC

Crop	State	Pilot District	No. of growers (upto 10 Ha)	Area covered (Ha)
Rubber	Kerala	Pallakad	71900	36000
Tea	Tamil Nadu	Coonoor (Nilgiris)	38311	27000
	West Bengal	Jalpaiguri	9000	8000
Coffee (Robusta)	Karnataka	Chikmagalur	14853	25574
Coffee(Arabica)	Karnataka	Chikmagalur		45520
Tobacco	Andhra Pradesh	West Godavari	11424	24406
Cardamom (small)	Kerala	Idukki	25000	28925
Cardamom (large)	Sikkim	East Sikkim	5200	6204
		Total	175688	201629

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New Delhi, Udyog Bhawan
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Subject: Expression of Interest by Insurance Companies for Empanelment and Implementation of Central Sector Revenue Insurance Scheme for Plantation Sector (RISPC)-reg.

The Department of Commerce intends to implement Central Sector Revenue Insurance Scheme for Plantation crops(RISPC) on pilot basis during one crop cycle spread over two years commencing from 2016-17 in selected 7 districts in 6 States (**Annexure-I**). The performance of the scheme will be evaluated at the end of year 2017-18 for up-scaling of the scheme to the entire country.

Objective:

The objective of the proposed scheme is to protect growers from anticipated losses in revenue caused by fall in international/domestic prices, yield loss due to adverse weather parameters/pest attacks or failure of crop due to factors beyond human control through crop specific insurance mechanism that will be supported with subventions from the PSF Corpus as per agreed norms. Insurance support shall be provided to cover the revenue losses on account of fall in the average yield and/or the average prices.

Coverage:

The insurance premium subvention under RISPC is for small growers of Rubber, Tea, Coffee(Robusta and Arabica), Tobacco and Cardamom(small and large). There are 18.25 lakh small growers from the targeted sectors in the entire country. During the pilot period, the scheme shall benefit 175688 small growers of 7 pilot districts covering approximately 201629 ha. of plantation area. Large growers can join the scheme on payment of entire insurance premium as they are not eligible for premium subsidy.

RISPC is compulsory for growers registered with respective Board in the pilot districts/member grower availing benefits under other schemes of Government through Commodity Boards/loanee growers; RISPC shall be optional for other growers. Banks lending to the plantation growers shall finance the grower's share of premium, besides the crop loan and investment credit, as the case may be. Premium amount will be debited to the account of growers by banks on receipt of notification from the Commodity Boards for coverage of the crop on compulsory basis.

Insurance Premium Subsidy:

The insurance premium subsidy calculated on actuarial basis, shall be shared between Central Government (through Commodity Board), State Governments and growers in the ratio of 75:15:10. In case the State Government in the area/region covered by the scheme does not come forward to contribute its share of subsidy for premium, growers' share of premium shall increase to that extent.

Calculation of Guaranteed Income, Sum Insured, payout and claim settlement:

Guaranteed Income(Rs per Hectare) shall be the product of Average yield (of past five years), Average Price (of past five years) and Indemnity Level.

Guaranteed Income= Average Yield (Ha) X Average Price (Rs/Ha) X Indemnity Level

Average yield /price= average of last 5 years yield /price excluding the year under consideration.

Actual Income(Rs)= Actual Yield (Kg/Ha) X Current Price(Rs)

Actual Yield (AY) would be determined through plantation visits /Remote Sensing Applications/ Weather Index/ adopting methodology prescribed by NSSO for arriving at AY through random sampling basis for the year under consideration. Pending standardization of yield estimation methodology by NSSO or similar agency, during the pilot phase methodology acceptable to Commodity Board, Insurance company and growers shall be applicable.

Current Price will be average Domestic e-auction/ International Auction/ Indicator Price depending on Crop (say ICO prices for coffee) for the year under consideration.

Payout = Guaranteed Income – Actual Income

Sum Insured(SI) will be predefined as fixed by Department of Commerce/Commodity Boards as a fraction of Guaranteed Income (GI) (Say 70% of GI) calculated for each crop.

The Insurance Companies would work out premium on the Sum Insured(SI) and will declare the same for each crop in advance.

The payout as defined above would be calculated on Guaranteed Income. Actual claim payable would be adjusted to the Sum Insured(SI).

Funding:

The estimated fund requirement towards Central and State Government share over RISPC pilot project is estimated at Rs.126.58 crores and Rs.25.31 crores respectively for 100% penetration level.

Selection of Insurance Companies:

The Selection of Insurance Companies for implementing the pilot scheme and during up-scaling of the scheme will be done by inviting bids. The Insurance Companies shall develop SMS based information system based on latest technology and notify the growers, policy holders on due date for payment of premia, date of settlement of claims and the amount, weather indicators etc.

Modus Operandi:

Respective Commodity Boards will be the Nodal Agency for implementing the scheme. The Boards will implement the scheme through selected Insurance Companies in the pilot districts. The Commodity Boards shall collect list of growers with all details in close cooperation of designated banks and the same shall be uploaded in their websites.

Insurance Companies shall collect growers' share of premium. Commodity Boards shall collect State Government share and pass on the same to the respective insurance Companies alongwith GOI share of premium. Insurance Companies will settle claims within the prescribed time limit to be given in the operational guidelines off the scheme. Payment shall be effected directly into the accounts of growers on settlement of claims. Commodity Boards shall do the work of certification and coordination for settling claims.

Department of Commerce, Commodity Boards and Insurance Companies will launch drives to increase awareness and publicity to the scheme.

Purpose of EOI:

The purpose of this EOI is to provide interested 'bidders' with the necessary information to enable them to prepare and submit their responses in conformity with the Terms of Reference(ToR).

Terms of Reference (ToR)

- i. Insurance Companies to liaise with State Governments/Commodity Boards/Agencies/Institutions involved in the implementation of the scheme.
- ii. Furnish necessary details to Commodity Boards as may be required as per the Notifications.
- iii. Underwriting- responsibilities of processing and acceptance of risk.
- iv. Develop SMS based information system based on latest technology and notify the growers, policy holders on due date for payment of premia, date of settlement of claims and the amount, weather indicators etc.
- v. Claim processing /finalization on receipt of yield data and payment within the prescribed time limit in the operational guidelines of the scheme.

- vi. Obtain Re-insurance arrangements, if felt necessary.
- vii. Develop databases (crop yield and weather data) and related databases.
- viii. Review of implementation of RISPC and provide regular feedback for its effective implementation to Department of Commerce and Commodity Boards.
- ix. Disclose designated Agents in writing before underwriting of insurance for the cycle.
- x. Ensuring payment of commission/service charges to banks/ other agents for implementing the scheme.
- xi. Awareness and publicity- extensive efforts to create awareness about the scheme amongst growers.
- xii. Providing monthly progress reports/returns to Central and State Governments.
- xiii. Facilitate the bank branches /intermediaries/agents to upload the details of insured growers and beneficiaries with all requisite details on their websites well in time.
- xiv. Redressal of public grievances within the time limit fixed by IRDA.
- xv. Coverage of loanee/registered growers to be carried out by Insurance Companies themselves, use of brokers/agents are not allowed.

Pre-Qualification Criteria for short listing of 'Bidders' based on EOI:

S.No.	Parameters	Weightage(%)
I	Past Experience of the Firm:	40%
1.1.	No. of Years experience	10%
1.2	Past Experience in implementing projects of similar nature	20%
1.3	Past Experience in implementing schemes in related sector	10%
II	Infrastructure:	20%
III	Financial Strength	20%
IV	Marketing Channel	10%
V	Human Resource for implementing the scheme	10%

The Department of Commerce shall shortlist those 'bidder(s)' who secure a minimum of 60% marks based on above allocations.

Composition of Selection Committee:

Additional Secretary (Plantation)	- Chairperson
Chairman of one Commodity Board	- Member
Director (Plantation)	- Member (Secretary)
Representative of IFD	- Member

The Insurance Company(s) selected by the Committee and with lowest financial offer (premium) will be nominated for implementing the scheme. A tripartite agreement shall be signed between the Commodity Board(s) on behalf of the Department of Commerce, the State Government and the representative Insurance Company. In case the State Government is not asking to share the subsidy burden, a bi-partite agreement shall be executed between the Commodity Board and the Insurance Company.

The format for submission of EOI application is enclosed as FORM-1. The format for Financial Bid is at FORM-2 and Summary Schedule is at **Annexure**

The department of Commerce reserves the right to accept or reject any or all EOIs without assigning any reason whatsoever.

Validity: The application submitted in response to this EOI shall constitute an offer, which shall remain open for acceptance until the contract is awarded by the Employer. Neither this EOI nor any response submitted by the bidder(s) in response to this EOI shall constitute a legally binding agreement unless and until accepted by the Department of Commerce.

Confidentiality: The EOI must not be reproduced in whole or in part without the prior written consent of this Department. All information contained within this EOI is given in strict confidence. It should not be divulged, irrespective of whether the recipient Bidder(s) proposes to submit an application to the Employer or to any third party without the prior written consent of the Department.

Proprietary Information: All restrictions on the use of data contained within an application and all confidential information must be clearly stated by the Bidder(s). Proprietary information submitted in an application in response to the EOI will be handled in accordance with the applicable law(s) of the Government.

Format for letter of Proposal

Ref No.

Date:

To

The Under Secretary(Plantation)
Ministry of Commerce
Department of Commerce
Room No.250-A, Udyog Bhawan,
New Delhi-110107

Subject: Expression of Interest(EOI) for empanelment and implementation of Revenue Insurance Scheme for Plantation Crops-reg.

Madam,

With reference to your letter of invitation No. Datedon the subject cited above, we wish to apply for Empanelment and implementation of pilot Revenue Insurance Scheme for Plantation Crops during crop cycle 2016-17 and 2017-18. In this connection, the following documents are submitted in two separate envelopes:

1. Technical Bid (duly marked as envelop No. 1- Technical Bid) containing brief about:
 - Our Organisation and experience
 - Approach & Methodology of the scheme
 - Past Experience of the Firm
 - Infrastructure
 - Financial Strength
 - Marketing Channel
 - Human Resource for implementing the scheme
2. Financial Bid (duly marked as Envelop No. 2 –Financial Bid) containing Financial Bid in the prescribed Format ..

Enclosures: as above

Yours faithfully,

Authorized Signatory

Date:

Format of Financial Bid

From

[insert name & address of the Bidder]

To

The Under Secretary(Plantation)
Ministry of Commerce
Department of Commerce
Room No. 250-A, Udyog Bhawan,
New Delhi-110107

Subject: Financial Bid for Implementation of Revenue Insurance Scheme for Plantation Crops(RISPC) in the..... State, for crop cycle 2016-17 and 2017-18.

Dear Madam,

With reference to your Tender Document dated (insert date) we, [insert name of Bidder], wish to submit our Financial Bid for Empanelment and award of the Contract(s) for the implementation of RISPC in the State-- for crop cycle 2016-17 and 2017-18.

1. We hereby submit our Financial Bid, which is unconditional and unqualified. We have examined the Tender Documents.
2. We acknowledge that the State Government and Commodity Boards will be relying on the information provided in the Financial Bid for evaluation and comparison of Financial Bids received from the designated /empanelled Insurance Companies by Department of Commerce for the award of the implementation of the RISPC in the State. We certify that all information provided in the Financial Bid is true and best to the knowledge of the company.
3. We shall make available to the Department of Commerce, Government of India, State Government and Commodity Board any clarification it may find necessary or require to supplement or authenticate the facts & figures in Financial Bid.
4. We acknowledge and declare that the State Government/Commodity Board is not obliged to return the Financial Bid or any part thereof or any information provided along with the Financial Bid, other than in accordance with the provisions set out in the Tender Documents.
5. We are quoting the following Premium rates district-wise crop-wise for the crop cycle :

State	District	Insurance Company's Contact person in the district	Crop	Premium Rates (in % of Sum Insured)
	District-1		Crop-1	
			Crop-2	
			Crop-3	
			Crop-4	
	District-2		Crop-1	
			Crop-2	
			Crop-3	
			Crop-4	

Like-wise for other districts/crops.

[Note to Bidders: The Bidders are required to quote the Premium up to two decimal points.

6. We acknowledge, confirm and undertake that we have an adequate re-insurance support to safeguard the interest of the growers, State Government and Central Government.
7. We agree and undertake to abide by all the terms and conditions of the Tender Document and operational guidelines of RISPC.
8. This Bid shall be governed by and construed in all respects according to the laws for the time being in force in India. The component courts at State capital will have exclusive jurisdiction in the matter.

In witness thereof, we submit this Financial Bid under and in accordance with the terms of the Tender Documents.

Dated this [insert] day of [insert month], 2016

[signature]

In the capacity of.....

Chief Underwriting Officer

Duly authorized to sign this Bid for and on behalf of.....

[name of Bidder]

Summary Schedule

Name of the assignment: Empanelment and Selection of Insurance Companies for implementing RISPC.

Name of the Client: Department of Commerce

Method of selection: Quality cum cost based system. The Technical and Financial Proposals to be submitted in two separate sealed envelops.

The proposal submission address is:

The Under Secretary(Plantation)
Ministry of Commerce
Department of Commerce
Room No. 250-A, Udyog Bhawan,
New Delhi-110107

Time and Date of Opening of Proposals 1500hrs on 15th June, 2016

Place of opening of Pre-qualification Proposals:
Room No. 284, Chamber of Director(Plantation)
Department of Commerce
Udyog Bhawan, New Delhi-110107

Validity Period of the Technical and Financial Proposals: Proposal must remain valid for ninety(90) days after the submission date.

Clarifications may be requested not later than 3 days before the date of Submission of the proposal.

The address for requesting clarification is:

The Under Secretary(Plantation)
Ministry of Commerce
Department of Commerce
Room No. 250-A, Udyog Bhawan,
New Delhi-110107

Procedure for Selection of Insurance Companies:

A two-stage procedure viz. Technical Qualification involving Quality and Cost Based System (QCBS) would be adopted with the technical and financial proposals submitted separately in sealed envelops. The technical evaluation will be completed before the financial proposal are reviewed.

Expected date for contract negotiation and finalization: 15 days from the date of opening.

- The cost to be incurred by the prospective Insurance Agency to prepare the proposal and for negotiating the contract, including any visits to Ministry of Commerce is not reimbursable as a direct cost of the assignment.
- Information relating to scrutiny of proposals and recommendation concerning award shall not be disclosed to the Agency who submitted the proposals or to other persons not officially concerned with the process.
- Department of Commerce reserves the right to accept or reject any of the proposals submitted without assigning any reasons thereof.
