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(श्रम एवं रोजगार मंत्रालय, भारत सरकार)  
EMPLOYEES' STATE INSURANCE CORPORATION  
(Ministry of Labour & Employment, Govt. of India)



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File No. F-23/19/1/2010/A/c -II (Custodian)

Dated: 20/03/2023

**Subject: Response to queries raised by applicants against Request for Proposal (RFP) for Appointment as Custodian of Securities for Employees' State Insurance Corporation's (ESIC) Fund against Tender ID No. 2023\_ESIC\_741442\_1 dated 20/02/2023.**

| Sr. No. | Reference (Clause No/Page No.) | Content of RFP requiring clarification  | Points of clarification required  | Response to query  |
|---------|--------------------------------|---|---|--|
| 1       | 8.5.1 / Page 34                | Financial Bid Format  | Please guide on the correct column name for Financial bid format -<br><br>The two columns as per the RFP document is - Percentage in figures and Percentage in words<br><br>While the two columns in BOQ file are Percentage in figures and Percentage in figures     | Applicants are required to enter the financial bid in figures only.    |
| 2       | 9.6 / Page 40                  | Format for Undertaking<br><br>By the board resolution dated _____, (enclosed) I am authorized to sign and execute....<br><br>Encl: (i) Certified copy of the Board Resolution dated _____ | We are Foreign Bank branch in India and the delegation of power is done by Power of Attorney from parent branch to India branch. Understand that we can refer and enclose the Power of Attorney here as the proof of signing authority of the authorized signatories. | The Applicant must satisfy all the conditions as laid down in the RFP. |

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| 3 | 10 / Page 43    | Integrity Pact   | Request you to please guide where to include Integrity Pact in RFP submission sections – Pre Qual, Technical or Financial Bid.   | The integrity Pact must be submitted along with the Pre-qualification bid.  |
| 4 | 6.1.9 / Page 20 | Applicants are required to do online submission of pre-qualification, technical and financial bids (as detailed in section 8 of this document) at e-tendering portal <a href="https://esictenders.eproc.in">https://esictenders.eproc.in</a> . | The given link is redirecting to an error page. Understand that the correct link to make submission is on the CPP portal i.e., <a href="https://eprocure.gov.in/eprocure/app">https://eprocure.gov.in/eprocure/app</a> | The correct link is as under: <a href="https://eprocure.gov.in/eprocure/app">https://eprocure.gov.in/eprocure/app</a>   |
| 5 | 4               | Duties & responsibilities of the custodian of the securities   | Do scope also include fund accounting activity   | Fund Accounting is not required as per Scope of Work mentioned in the RFP document.   |
| 6 | 4.1.3 / Page 10 | Custodian of Securities shall open and manage the SGL account for holding the investments of ESIC  | ESIC operates own SGL account or having the CSGSL set up with current custodian  | ESIC operates through SGL Account for its investments into Government Securities.   |
| 7 | 4.3.3           | The Custodian of Securities shall reconcile Cash and Securities at the end of the day. Cash reconciliation is the reconciliation of fund balances in various bank accounts in the overall investment architecture of ESIC.                     | Request you to clarify on cash reconciliation. The cash needs to be reconciled against which records.  | Reconciliation of cash would be required for inflow and outflow with respect to investments (purchase of securities, coupon received, maturity proceeds, sale proceeds, corporate actions etc.) |
| 8 | 8.4.1.1.2       | Affidavit (duly notarized) confirming the number of years of experience in providing custodial services for the period prior to 1998 when SEBI started issuing registration certificate to Custodians.   | Is affidavit required in any particular format   | The Affidavit should be submitted in the tabular format as given in Clause 8.4.1.1.2 of the RFP document.   |
| 9 | 11              | Model Agreement for the custodian of securities  | While the model agreement has been shared in the RFP, custodian also follows their standard custody agreement formats. While we shall follow the model agreement appended  | ESIC will evaluate the suggested clauses, if any, by the L1 Applicant for the agreement. Clause 6.3.5 of the RFP document requires the L1 applicant to finalize the agreement                   |

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|    |                                      |  | in RFP, Is there a flexibility to add any addition provisions in the agreement custodian may require. This can be mutually agreed between custodian & ESIC                             | within time period stipulated by ESIC. In case the agreement is not finalized due to any terms & condition proposed by the L1 applicant, which is not acceptable to ESIC, then L2 applicant will be consider for appointment.  |
| 10 | Clause 7.1 – Sr. No. 1 (a) / Page 23 | Additionally, the applicant must have a Banking License from RBI The bidder has the requisite capabilities to provide the entire gamut of services as a Bank Custodian. The bidder with its existing infrastructure has serviced NPS regulated by PFRDA having AUC of around 6 lakh crores successfully for 15 years.  | Hence we request modifying the clause to enable The bidder to participate in the RFP.  | The Applicant must satisfy all the conditions of the pre-qualification criteria laid down in the Section 7.1 RFP document.   |
| 11 | Clause 3.6 / Page 9                  | Under Terms of Reference The total investment of ESIC as on 31st March, 2022 stands to Rs.1, 25, 222.09 Crores, out of which investment in Special Deposit Account is Rs. 19,473.06 Crores. Investment is done in accordance with provision of section 29(2) of the ESI Act, 1948, read with Rule 27 of ESI (Central Rules), 1950.                                   | Please provide the break - up of the investments. (Physical – number of securities and value & Electronic Holdings/ Government Securities & related instruments & Debt instruments)    | ESIC has appointed portfolio managers who make investments on a discretionary basis. The proportion of physical securities would be based on the investments made by ESIC's portfolio managers. The information is available in public domain (annual report/annual account on ESIC website)         |
| 12 | 4.1.1.7 / Page 10                    | Provide Intra Day overdraft facility to ESIC amounting to Rs. 1,000 crores for settlement of trades made by ESIC's Clarification is needed on the portfolio managers to bear portfolio managers. The facility of Rs.1, 000 crores will be divided among the fund managers in the ratio which is in the same ratio of funds being allocated for investments. Further, | In case the credit facility exceeds TREPS maturity on any day, the concerned portfolio manager(s) will have to bear the charges payable to the custodian. charges ( ex. ) at what rate | Applicant is required to provide Intra Day overdraft facility to ESIC amounting to Rs. 1,000 crores for settlement of trades made by its portfolio managers.<br><br>In case the portfolio manager(s) avails intra-day overdraft facility for amount exceeding the amount of TREPS maturities on that |

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|    |                          | the intraday facility should not exceed TREPS maturities on that particular date. In case the credit facility exceeds TREPS maturity on any day, the concerned portfolio manager(s) will have to bear the charges payable to the custodian. |   | particular date then in such case the concerned portfolio manager(s) will have to bear the charges at the rate mutually decided between Portfolio Manager and Custodian. |
| 13 | 4.4.3 / Page 13          | The Custodian of Securities shall have its books of accounts in relation to ESIC's fund audited quarterly by an internal auditor and submit the summary thereof to ESIC.  | Please clarify as to how the charges would be borne.  | The fee quoted by the Custodian should be inclusive of all the activities defined in the Roles and Responsibilities of the Custodian as defined in the RFP document.     |
| 14 | Clause 6.1.5.3 / Page 18 | Applicant has to select payment option as 'offline' to pay the tender fee/ EMD as applicable and enter details of the instrument.   | Here it says to select offline however on page 20 (clause 6.1.8) it is mentioned that EMD to be paid thru NEFT/ RTGS/ ECS/ CBS. Hence clarification required on whether the EMD is to be paid online or offline.  | Refer to clause 6.1.8 of the RFP document.   |
| 15 | 7.1 Serial number 1 (a)  | Applicant should be registered with SEBI as Custodian of Securities and the registration should be valid on the date of issue of this RFP. Additionally, the Applicant must have a Banking License from RBI.                                | <p>The bidder is a SEBI registered Custodian of Securities with Assets under Custody (AUC) of USD 189 billion &amp; Assets under Administration (AUA) of USD 142 billion as on 31st January 2023 however does not hold a Banking License from RBI.</p> <p>The bidder is a joint venture company of State Bank of India (SBI) and Societe Generale (SG) with 65% - 35% equity holding and provides high quality Custody and Fund Accounting Services along with end-to-end support on clearing &amp; settlements, cash &amp; forex solutions, asset servicing, derivatives clearing, gold custody for gold ETFs and silver custody for silver ETFs. The bidder</p> | The Applicant must satisfy all the conditions of the pre-qualification criteria laid down in the Section 7.1 RFP document.   |

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|  |  |  | <p>is a subsidiary of SBI and SG who are renowned banks in their respective jurisdictions.</p> <p>State Bank of India, being a Fortune 500 company, is an Indian Multinational, Public Sector Banking and Financial services statutory body headquartered in Mumbai. The rich heritage and legacy of over 200 years, accredits SBI, as the most trusted Bank by Indians through generations. SBI, the largest Indian Bank with 1/4th market share, serves over 45 crore customers through its vast network of over 22,000 branches, 62617 ATMs/ADWMs, 71,968 BC outlets, with an undeterred focus on innovation, and customer centricity, which stems from the core values of the Bank - Service, Transparency, Ethics, Politeness and Sustainability. The Bank has successfully diversified businesses through its various subsidiaries i.e., SBI General Insurance, SBI Life Insurance, SBI Mutual Fund, SBI Card, etc. It has spread its presence globally and operates across time zones through 229 offices in 31 foreign countries. Growing with times, SBI continues to redefine banking in India, as it aims to offer responsible and sustainable Banking solutions. Similarly, Société Générale is France's 3rd largest bank by total assets after BNP Paribas and Crédit Agricole. It is also the 6th largest bank in Europe and the world's 18th.</p> |  |
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|    |                             |   | We, hereby, request you to consider the bidder eligible for applying towards for RFP for Appointment of Custodian of Securities ESIC Fund as it is backed by such renowned banks in the financial space.  |   |
| 16 | 7.1 Serial number 13 and 14 | <p>The Custodian of Securities shall not be a related party to the existing portfolio managers of ESIC. If required. ESIC may seek additional clarifications from the Applicants in this regard.</p> <p>The Applicant is required to meet the following conditions:</p> <ul style="list-style-type: none"> <li>• The sponsor or associate company of any of the portfolio managers of ESIC must not hold 50% or more of the voting rights of the share capital of Applicant</li> <li>• 50% or more of the directors of the Applicant should not represent the interest of sponsor or associate companies of any of the portfolio managers of ESIC.</li> </ul> | Criteria states that the Custodian of Securities shall not be a related party to the existing portfolio managers of ESIC. However, the bidder is a Custodian for SBI Funds Management Limited. Do let us know what additional clarification is required in this regard. | The Applicant must satisfy all the conditions of qualification criteria mentioned under 7.1 of the RFP documents. |
| 17 | 7.1 Serial number 15        | The Applicant is mandatorily required to have Data Centers and Disaster Recovery Centers to be located in India   | This condition is restrictive.  | The Applicant must satisfy all the conditions of qualification criteria mentioned under 7.1 of the RFP documents. |

**Director (Finance) I/c**