

PMC for 400 MLD SWRO Desalination Plant at Perur, Chennai

Consortium Partners

SMEC International Pty. Ltd. (ACN-065440619/FCRN-F01483)

NJS Engineers India Pvt Ltd, India (CIN - U74210PN2007PTC129798)

Tata Consulting Engineers Limited, India (CIN- U74210MH1999PLC123010)

SMEC (India) Pvt. Ltd. (CIN: U93000DL1997PTC088574)



Ref: SSNT/400 MLD/ CMWSSB / 5061185/249

Date: 21st January 2021

To,
The Superintending Engineer (Desalination)
Chennai Metropolitan Water Supply and Sewerage Board,
Urban Administrative Building, 2nd Floor,
No.75, Santhome High Road,
MRC Nagar, Raja Annamalaipuram,
Chennai 600 028, Tamil Nadu, India



Sub: Consultancy for "Design, Preparation of Bid Documents & Evaluation of Bids for the Proposed Construction of 400 MLD Capacity Seawater Reverse Osmosis Desalination Plant at Perur along East Coast Road, South of Chennai, Tamil Nadu and Construction Management & Supervision for the Proposed Desalination Plant and its Product Water Conveyance Pipeline from the Plant and upto Porur and all allied works"
- Reply to CMWSSB letter - Payment to PMC – Negotiation Charges Claimed by Bank - Reg.

Ref: 1. Your Letter No: CMWSSB/SE(Desal)/400 MLD Plant/PMC-030/2020, dated 30.12.2020
2. Our Contract Agreement No. CNT/CON/DESAL/ICB/Gol/016/2018-19, dated 09.01.2020

Dear Sir,

This is with reference to the letter on the subject matter vide which CMWSSB has communicated about the application of Negotiation Charges of 0.10% by Bank of India, Tokyo of claimed amount on each of consultant payment against Letter of Credit (L/C). It has been informed that the Negotiation Charges of 0.10% claimed by Bank on the payment made to consultant against L/C has to be borne by the PMC.

In this regard, we would like to bring to your kind information that as per the terms of L/C, the charges which includes L/C Opening, Amendment and Extension charges and L/C Negotiation Charges has to be borne by the applicant (CMWSSB).

Similarly the charges like beneficiary's bank charges, documents discrepancy charges, L/C advising charges has to be borne by the beneficiary (consultant).

The L/C terms clearly specifies the share of bank charges between CMWSSB and the consultant. These are very standard terms of L/C which are followed in all JICA funded projects for the FC payments which are done through Commitment Procedure from the paying bank which is Bank of India, Tokyo as per the terms of the Contract Agreement SCC Clause No 6.5.

Hence we feel it is not justified for CMWSSB to pass on the burden of Bank negotiation charges to the consultant by violating the terms of the valid L/C.

Hence you are requested to reconsider your decision in this regard.

Yours truly,

For Consortium of SMEC International Pty Ltd-TCE Ltd.-NJS Engineers India Pvt. Ltd.-SMEC (India) Pvt. Ltd.


S. Srinivasarao
Project Coordinator



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