



केंद्रीय भंडारण निगम

(भारत सरकार का उपक्रम)

CENTRAL WAREHOUSING CORPORATION

(A GOVT. OF INDIA UNDERTAKING)

No.CWC/CO-Engg./Circular/2020-21/

dt.07.05.2021

Circular

Subject - Reduction in quantum of various deposits by contractors for Engineering Works Contracts-Reg.

Reference-

S.No.	OM No. Date	Subject
1	F.9/4/2020	Additional Performance Security in case of Abnormally Low Bids (ALBs.)
2	12/Nov./2020	Bid Security/Earnest Money Deposit
3		Performance Security

In line of the Office Memorandums as above, (copy enclosed), issued by Deptt. of Expenditure, Ministry of Finance, GOI and with approval of competent Authority , to ensure the compliance of the said OMs following instructions are being issued for inclusion in all tenders of Engineering Works Contracts.

1. No provision regarding Bid Security (also known as EMD) should be kept in Bid Document in future tenders for all bidders. In lieu of Bid Security/EMD, only provision for signing Bid Security Declaration should be kept in the Bid Documents (Annexure-AA).
2. The performance Security (also known as Security Deposit) to be reduced from existing 5% to 3% of the value of the contract for all existing contracts. However, the benefit of the reduced Security Deposit (SD) will not be given in the contracts under dispute wherein arbitration/ court proceedings have already been started or contemplated.
3. Further, all tenders/contracts to be issued/ concluded till 31.12.2021 should also have the provision of reduced Performance Security.
4. In all contracts where Performance Security has been reduced to 3% in view of the said stipulations, the reduced percentage of Performance Security shall continue for the entire duration of the contract including extended period and there should be no subsequent increase of Performance Security even beyond 31.12.2021.
5. Similarly, in all contracts entered into with the reduced percentage of Performance Security of 3%, there will be no subsequent increase in Performance Security even beyond 31.12.2021.
6. As per OM No. F.9/4/2020- PPD dated 12.11.2020 All tenders/contract issued /concluded till 31.12.2021 should also have the provision of reduced Performance Security and the Contractor may be asked to submit a fresh Performance Guarantee in lieu of release of already submitted Performance Guarantee/EMD/Security Deposit with an



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undertaking on Non Judicial Stamp Paper that the Contractor is agreed that the Performance Guarantee will be released after Defect Liability Period.

In Compliance to the instructions conveyed vide aforesaid OMs, the amended clauses being incorporated in the Model Tender Document of Engineering Work (Copy enclosed) are detailed as under in Table A.

Table A.

Sr. No.	Clause No.	Existing Clause	Amended Clause
1 (i)	Eligibility Criteria. A(1)(a)	The EMD to be paid in favour of Central Warehousing Corporation, New Delhi only through e-payment gateway of e-procurement and receipt of the same should be scanned and uploaded on the e-tendering website www.tenderwizard.com/CWC along with e-tender documents.	Contractor has to submit the EMD Declaration in the format at Annexure-AA. and same should be scanned and uploaded on the e-tendering website www.tenderwizard.com/CWC along with e-tender documents.
(ii)	Pre Contract Integrity Pact, 5.1	While submitting Technical bid, the TENDERER shall deposit an amount of Rs. _____ (to be specified in NIT) as Earnest Money, with the CORPORATION only through e-payment gateway of e-procurement system.	While submitting Technical bid, the TENDERER has to submit the EMD Declaration in the format at Annexure-AA.
2 (i)	Instructions to Tenderers No. 46	The contractor whose tender is accepted, will be required to furnish performance guarantee of 5% (five percent) of the tendered amount within the period specified in Schedule „F“ . This guarantee shall be in the form of cash (in case guarantee amount is less than Rs.10,000/-) or deposit at call receipt of any schedule bank/ Banker's cheque of any schedule bank/ demand draft of any scheduled bank (in case guarantee amount is less than Rs.1,00,000/-) or Govt. Securities or Fixed Deposit Receipts or Guarantee Bonds of any Scheduled Bank or the State Bank of India in favour of Superintending Engineer/ Chief Engineer, CWC, CO, New Delhi in accordance with the prescribed form. In case the contractor fails	The contractor whose tender is accepted, will be required to furnish performance guarantee of 3% (three percent) of the tendered amount within the period specified in Schedule „F“ . This guarantee shall be in the form of cash (in case guarantee amount is less than Rs.10,000/-) or deposit at call receipt of any schedule bank/ Banker's cheque of any schedule bank/ demand draft of any scheduled bank (in case guarantee amount is less than Rs.1,00,000/-) or Govt. Securities or Fixed Deposit



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		to deposit the said performance guarantee within the period as indicated in Schedule „F“, including the extended period if any, the earnest money deposited by the contractor shall be forfeited automatically without any notice to the contractor.	Receipts or Guarantee Bonds of any Scheduled Bank or the State Bank of India in favour of Superintending Engineer/ Chief Engineer, CWC, CO, New Delhi in accordance with the prescribed form. In case the contractor fails to deposit the said performance guarantee within the period as indicated in Schedule „F“, including the extended period if any, the earnest money deposited by the contractor shall be forfeited automatically without any notice to the contractor.
(ii)	General Rules & Direction no. 13(i)	The Contractor whose tender is accepted, will be required to furnish performance guarantee of 5% (Five Percent) of the tendered amount within the period specified in Schedule F. This guarantee shall be in the form of cash (in case guarantee amount is less than Rs.10,000/-) or Deposit at call receipt of any scheduled bank/Banker’s cheque of any scheduled bank/Demand Draft of any scheduled bank/Pay order of any scheduled bank (in case guarantee amount is less than Rs. 1,00,000/-) or Government Securities or Fixed Deposit Receipts or Guarantee Bonds of any Scheduled Bank or the State Bank of India in accordance with the prescribed form.	The Contractor whose tender is accepted, will be required to furnish performance guarantee of 3% (Three Percent) of the tendered amount within the period specified in Schedule F. This guarantee shall be in the form of cash (in case guarantee amount is less than Rs.10,000/-) or Deposit at call receipt of any scheduled bank/Banker’s cheque of any scheduled bank/Demand Draft of any scheduled bank/Pay order of any scheduled bank (in case guarantee amount is less than Rs. 1,00,000/-) or Government Securities or Fixed Deposit Receipts or Guarantee Bonds of any Scheduled Bank or the State Bank of India in accordance with the prescribed form.
(iii)	General Rules &	The contractor whose tender is accepted will also be required to furnish by way of	Deleted



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	Direction no. 13(ii)	Security Deposit for the fulfilment of his contract, an amount equal to 2.5% of the tendered value of the work. The Security deposit will be collected by deductions from the running bills as well as final bill of the contractor at the rates mentioned above. The Security amount will also be accepted in cash or in the shape of Government Securities. Fixed Deposit Receipt of a Scheduled Bank or State Bank of India will also be accepted for this purpose provided confirmatory advice is enclosed.	
(iv)	Clause I	The contractor shall submit an irrevocable Performance Guarantee of 5% (Five percent) of the tendered amount in addition to other deposits mentioned elsewhere in the contract for his proper performance of the contract agreement, (not withstanding and/or without prejudice to any other provisions in the contract) within period specified in Schedule 'F' from the date of issue of letter of acceptance. This period can be further extended by the Engineer-in-Charge up to a maximum period as specified in schedule 'F' on written request of the contractor stating the reason for delays in procuring the Performance Guarantee, to the satisfaction of the Engineer-in-Charge. This guarantee shall be in the form of Cash (in case guarantee amount is less than Rs. 10,000/-) or Deposit at Call receipt of any scheduled bank/Banker's Cheque of any scheduled bank/Demand Draft of any scheduled bank/Pay Order of any scheduled bank (in case guarantee amount is less than Rs. 1,00,000/-) or Government Securities or Fixed Deposit Receipts or Guarantee Bonds of any Scheduled Bank or the State	The contractor shall submit an irrevocable Performance Guarantee of 3% (Three percent) of the tendered amount in addition to other deposits mentioned elsewhere in the contract for his proper performance of the contract agreement, (not withstanding and/or without prejudice to any other provisions in the contract) within period specified in Schedule 'F' from the date of issue of letter of acceptance. This period can be further extended by the Engineer-in-Charge up to a maximum period as specified in schedule 'F' on written request of the contractor stating the reason for delays in procuring the Performance Guarantee, to the satisfaction of the Engineer-in-Charge. This guarantee shall be in the form of Cash (in case guarantee amount is less than Rs. 10,000/-) or Deposit at Call receipt of any scheduled bank/Banker's Cheque of any scheduled bank/Demand



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		<p>Bank of India in accordance with the form annexed hereto. In case a fixed deposit receipt of any Bank is furnished by the contractor to the Corporation as part of the performance guarantee and the Bank is unable to make payment against the said fixed deposit receipt, the loss caused thereby shall fall on the contractor and the contractor shall forthwith on demand furnish additional security to the Corporation to make good the deficit.</p>	<p>Draft of any scheduled bank/Pay Order of any scheduled bank (in case guarantee amount is less than Rs. 1,00,000/-) or Government Securities or Fixed Deposit Receipts or Guarantee Bonds of any Scheduled Bank or the State Bank of India in accordance with the form annexed hereto. In case a fixed deposit receipt of any Bank is furnished by the contractor to the Corporation as part of the performance guarantee and the Bank is unable to make payment against the said fixed deposit receipt, the loss caused thereby shall fall on the contractor and the contractor shall forthwith on demand furnish additional security to the Corporation to make good the deficit.</p>
(v)	Clause I A	<p>The person/persons whose tender(s) may be accepted (hereinafter called the contractor) shall permit Corporation at the time of making any payment to him for work done under the contract to deduct a sum at the rate of 2.5% of the gross amount of each running and final bill till the sum deducted will amount to security deposit of 2.5% of the tendered value of the work. Such deductions will be made and held by Corporation by way of Security Deposit unless he/they has/have deposited the amount of Security at the rate mentioned above in cash or in the form of Government Securities or fixed deposit receipts. In case a fixed deposit receipt of any Bank is furnished by the contractor to the Corporation as part of the security deposit and the Bank is unable to make</p>	<p><i>Deleted</i></p>



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		<p>payment against the said fixed deposit receipt, the loss caused thereby shall fall on the contractor and the contractor shall forthwith on demand furnish additional security to the Corporation to make good the deficit. All compensations or the other sums of money payable by the contractor under the terms of this contract may be deducted from, or paid by the sale of a sufficient part of his security deposit or from the interest arising therefrom, or from any sums which may be due to or may become due to the contractor by Corporation on any account whatsoever and in the event of his Security Deposit being reduced by reason of any such deductions or sale as aforesaid, the contractor shall within 10 days make good in cash or fixed deposit receipt tendered by the State Bank of India or by Scheduled Banks or Government Securities (if deposited for more than 12 months) endorsed in favour of the Engineer-in-Charge, any sum or sums which may have been deducted from, or raised by sale of his security deposit or any part thereof. The security deposit shall be collected from the running bills and the final bill of the contractor at the rates mentioned above.</p>	
(vi)	SCHEDULE „E“	<p>Estimated cost of work: Rs.</p> <p>(i) Earnest money: Rs. (to be adjusted in Security Deposit)</p> <p>(ii) Performance Guarantee: 5% of tendered value.</p> <p>(iii) Security Deposit: 2.5% of tendered value.</p> <p>or</p> <p>2.5% of tendered value plus 50% of PG for contracts involving maintenance of the building and services/ other work after construction of same building and services/</p>	<p>Estimated cost of work: Rs.</p> <p>(i) Earnest money: Nil</p> <p>(ii) Performance Guarantee: 3% of tendered value.</p> <p>(iii) Security Deposit: Nil</p> <p>or</p> <p>2.5% of tendered value plus 50% of PG for contracts involving maintenance of the building and services/ other work after construction of same building and services/ other work.</p>



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		other work.	
3.	Clause 1- Performance Guarantee- ii)	<p><i>The Performance Guarantee shall be initially valid up to the stipulated date of completion plus 60 days beyond that.</i> In case the time for completion of work gets enlarged, the contractor shall get the validity of Performance Guarantee extended to cover such enlarged time for completion of work. After recording of the completion certificate for the work by the competent authority, the performance guarantee shall be returned to the contractor, without any interest. However, in case of contracts involving maintenance of building and services/any other work after construction of same building and services/other work, then 50% of Performance Guarantee shall be retained as Security Deposit. The same shall be returned year wise proportionately.</p>	<p><i>The Performance Guarantee shall be initially valid up to Defect liability period of the contract plus 60 days beyond that.</i> In case the time for completion of work gets enlarged, the contractor shall get the validity of Performance Guarantee extended to cover such enlarged time <i>for completion of the defect liability period of the work.</i> However, in case of contracts involving maintenance of building and services/any other work after construction of same building and services/other work, then 50% of Performance Guarantee shall be retained as Security Deposit. The same shall be returned year wise proportionately.</p>
4.	Clause 1- Performance Guarantee- V)	<p>On substantial Completion of any work which has been completed to such an extent that the intended purpose of the work is met and ready to use, then a provisional Completion certificate shall be recorded by the Engineer-in-Charge. The provisional certificate shall have appended with a list of outstanding balance item of work that need to be completed in accordance with the provisions of the contract.</p> <p>This provisional completion certificate shall be recorded by the concerned Engineer- in-charge with the approval of Project Manager / Chief Project Manager /Superintending Engineer. <i>After recording of the provisional Completion Certificate for the work by the competent authority, the 80 % of performance</i></p>	<p><i>The Performance guarantee deposited shall be returned to the contractor after successful completion of defect liability period, without any interest.</i></p> <p>The period of defect liability will be calculated from the date of Completion recorded by the Competent Authority. The completion certificate shall be recorded by the concerned Engineer- in-charge with the approval of Project Manager / Chief Project Manager /Superintending Engineer. However in case of contracts involving Maintenance of</p>



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	<p><i>guarantee shall be returned to the contractor, without any interest.</i></p> <p>However in case of contracts involving Maintenance of building and services / any other work after construction of same building and services/ other work, then 40% of performance guarantee shall be returned to the contractor, without any interest after recording the provisional Completion certificate.</p>	<p>building and services / any other work after construction of same building and services/ other work, then 40% of performance guarantee shall be returned to the contractor, without any interest after recording the provisional Completion certificate.</p>
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Note: In addition to the above, wherever in the Bid Documents mentioned in relation to the Performance Guarantee / Earnest Money Deposit / Security Deposit may please be treated as Null and Void as per OM No. F.9/4/2020- PPD dated 12.11.2020 in respect of Tenders issued up to 31.12.2021

ALL HOE /RM who have already invited the tenders for Engineering works are requested to release the Corrigendum as per Table A and Note as above, in existing NIT.

These Amended clauses shall be part of CWC NIT for engineering works to be called in future up to 31.12.21.

(Roopendra Kumar Sharma)
Superintending Engineer

To

RM/HOE, CWC, RO: Ahmedabad/ Bangalore/ Bhubaneshwar/ Bhopal/ Chandigarh/ Chennai/ Delhi/Guwahati/ Hyderabad/ Jaipur/ Kolkata/ Kochi/ Lucknow/ Mumbai/ Patna.

Copy to:-

1. CVO, CWC, CO, New Delhi (for kind information)
2. GGM (System) CWC, CO, New Delhi: with a request to upload this circular on website.
3. All HODs, CWC, CO, New Delhi.
4. PS to MD/ Director MCP, Director (Finance)/Director (Pers.)/ Dir,CWC,CO, New Delhi (for kind information)
5. Guard File



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Annexure-AA

Proforma for Earnest Money Deposit Declaration

(On Non Judicial Stamp Paper)

Whereas, I/we.....(name of agency) have submitted bids for
..... (name of work)

I/we hereby submit following declaration in lieu of submitting Earnest Money Deposit.

- 1) If after the opening of tender, I/we withdraw or modify my/our bid during the period of validity of tender (including extended validity of tender) specified in the tender documents,
Or
- 2) If, after the award of work, I/we fail to sign the contract, or to submit performance guarantee before the deadline defined in the tender documents,

I/we shall be suspended for five years and shall not be eligible to bid for Central Warehousing Corporation tenders from date of issue of suspension order.

Signature of the contractor(s)

No. F.9/4/2020-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

512, Lok Nayak Bhawan, New Delhi
Dated the 12th November 2020

OFFICE MEMORANDUM

Subject: Performance Security.

As per Rule 171 of General Financial Rules (GFRs) 2017, Performance Security is to be obtained from the successful bidder awarded the contract for an amount of five to ten percent of the value of the contract to ensure due performance of the contract. Similar provisions also exist in the Manual for Procurement of Works 2019 and Manual for Procurement of Consultancy & other Services 2017 issued by this Department.

2. The Government is in receipt of many representations that on account of slowdown in economy due to the pandemic, there is acute financial crunch among many commercial entities and contractors, which in turn is affecting timely execution of the contracts. It has also been represented that this may affect the ability of contractors to bid in tenders and hence reduce competition. Requests are being received for reduction in quantum of Security Deposits in the Government contracts.

3. In view of all above, it is decided to reduce **Performance Security from existing 5-10% to 3% of the value of the contract** for all existing contracts. However, the benefit of the reduced Performance Security will not be given in the contracts under dispute wherein arbitration/ court proceedings have been already started or are contemplated.

4. Further, all tenders/ contracts issued/ concluded till 31.12.2021 should also have the provision of reduced Performance Security.

5. In all contracts where Performance Security has been reduced to 3% in view of above stipulations, the reduced percentage of Performance Security shall continue for the entire duration of the contract and there should be no subsequent increase of Performance Security even beyond 31.12.2021.

Similarly, in all contracts entered into with the reduced percentage of Performance Security of 3%, there will be no subsequent increase in Performance Security even beyond 31.12.2021.

6. Wherever, there is compelling circumstances to ask for Performance Security in excess of three percent as stipulated above, the same should be done only with the approval of the next higher authority to the authority competent to finalise the

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particular tender, or the Secretary of the Ministry/ Department, whichever is lower. Specific reasons justifying the exception shall be recorded.

7. These instructions will be applicable for all kinds of procurements viz. Goods, Consultancy, Works, non-consulting Services etc and are issued under Rule 6(1) of the GFRs 2017.


(Kotluru Narayana Reddy)

Deputy Secretary to the Govt. of India

Tel: 24621305

Email: kn.reddy@gov.in

To,

All the Secretaries and Financial Advisers to Government of India

Copy to: Secretary, Department of Public Enterprises with a request to issue the same instructions to Central Public Sector Undertakings (CPSUs).

No. F.9/4/2020-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

512, Lok Nayak Bhawan, New Delhi
Dated the 12th November 2020

OFFICE MEMORANDUM

Subject: Bid Security/ Earnest Money Deposit.

The Government is in receipt of many representations that on account of slowdown in economy due to the pandemic, there is acute financial crunch among many commercial entities and contractors, which in turn is affecting timely execution of the contracts. It has also been represented that this may affect the ability of contractors to bid in tenders and hence reduce competition. Requests are being received for reduction in quantum of Security Deposits in the Government contracts.

2. As per Rule 170 of General Financial Rules (GFRs) 2017, Micro and Small Enterprises (MSEs) and the firms registered with concerned Ministries/ Departments are exempted from submission of Bid Security. Further, in lieu of Bid Security, Ministries/ Departments may ask bidders to sign "Bid Security Declaration" accepting that if they withdraw or modify their bids during period of validity etc., they will be suspended for the time specified in the tender documents. Similar provisions also exist in the Manuals for Procurement of Works 2019 and Manual for Procurement of Consultancy & other Services 2017.

3. In this context it is noted that Bid Security (also known as Earnest Money Deposit) is still being taken from the contractors by the various Ministries/ Departments, though the relaxations have already been provided in General Financial Rules (GFRs) 2017.

4. In view of above, it is reiterated that notwithstanding anything contained in Rule 171 of GFRs 2017 or any other Rule or any provision contained in the Procurement Manuals, **no provisions regarding Bid Security should be kept in the Bid Documents in future and only provision for Bid Security Declaration should be kept in the Bid Documents.**

5. Wherever, there are compelling circumstances to ask for Bid Security, the same should be done only with the approval of the next higher authority to the authority competent to finalise the particular tender or the Secretary of the Ministry/ Department, whichever is lower.

6. The above instructions will be applicable for all the tenders issued till 31.12.2021.

7. These instructions will be applicable for all kinds of procurements viz. Goods, Consultancy, Works, non-consulting Services etc and are issued under Rule 6(1) of the GFRs 2017.



(Kotluru Narayana Reddy)
Deputy Secretary to the Govt. of India
Tel: 24621305
Email: kn.reddy@gov.in

To,

All the Secretaries and Financial Advisers to Government of India

Copy to: Secretary, Department of Public Enterprises with a request to issue the same instructions to Central Public Sector Undertakings (CPSUs).

No. F.9/4/2020-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

512, Lok Nayak Bhawan, New Delhi
Dated the 12th November 2020

OFFICE MEMORANDUM

Subject: Additional Performance Security in case of Abnormally Low Bids (ALBs).

The Government is in receipt of many representations that on account of slowdown in economy due to the pandemic, there is acute financial crunch among many commercial entities and contractors, which in turn is affecting timely execution of the contracts. It has also been represented that this may affect the ability of contractors to bid in tenders and hence reduce competition. Requests are being received for reduction in quantum of Security Deposits in the Government contracts.

2. In this context, it is noted that Additional Performance Security in case of Abnormally Low Bids (ALBs) is being taken from the contractors by various Ministries/ Departments though there is no provision for the same in General Financial Rules (GFRs) 2017 or the Manuals for Procurement issued by this Department.

3. As per para 7.5.7 of the Manual for Procurement of Goods 2017 issued by this Department, *an Abnormally Low Bid is one in which the bid price, in combination with other elements of the Bid, appears so low that it raises material concerns as to the capability of the bidder to perform the contract at the offered price. Procuring Entity may in such cases seek written clarifications from the bidder, including detailed price analyses of its bid price in relation to scope, schedule, allocation of risks and responsibilities, and any other requirements of the bids document. If, after evaluating the price analyses, Procuring Entity determines that the bidder has substantially failed to demonstrate its capability to deliver the contract at the offered price, the Procuring Entity may reject the bid/ proposal. However, it would not be advisable to fix a normative percentage below the estimated cost, which would be automatically be considered as an abnormally low bid. Due care should be taken while formulating the specifications at the time of preparation of bid document so as to have a safeguard against the submission of abnormally low bid from the bidder.*

4. In view of above, **it is reiterated that no provisions should be kept in the Bid Documents regarding Additional Security Deposit/ Bank Guarantee (BG) in case of Abnormally Low Bids.**

5. Wherever, there are compelling circumstances to ask for Additional Security Deposit/ Bank Guarantee (BG) in case of ALBs, the same should be taken only with

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the approval of the next higher authority to the authority competent to finalise the particular tender, or the Secretary of the Ministry/ Department, whichever is lower.

6. These instructions will be applicable for all kinds of procurements viz. Goods, Consultancy, Works, non-consulting Services etc.


(Kotluru Narayana Reddy)

Deputy Secretary to the Govt. of India

Tel: 24621305

Email: kn.reddy@gov.in

To,

All the Secretaries and Financial Advisers to Government of India

Copy to: Secretary, Department of Public Enterprises with a request to issue the same instructions to Central Public Sector Undertakings (CPSUs).



CENTRAL PUBLIC WORKS DEPARTMENT

OFFICE MEMORANDUM

No. DG/ CON/Misc./13

ISSUED BY AUTHORITY OF DIRECTOR GENERAL, CPWD

NIRMAN BHAWAN, NEW DELHI

DATED 23-11-2020

Subject: Relaxation for Earnest Money Deposit as per OM No. F-9/14/2020-PPD dated 12.11.2020 issued by the Department of Expenditure.

A copy of OM No.F-9/14/2020-PPD dated 12.11.2020 issued by the Department of Expenditure (Procurement Policy Division), Ministry of Finance is enclosed for compliance. These instructions are applicable for all the tenders issued till 31.12.2021.

This issues with the approval of Director General, CPWD.

- Encl: 1. OM dated 12.11.2020
2. Proforma for Earnest Money Declaration

(V.P. Sahu)

Superintending Engineer (C&M)

Issued from the file no. CSQ/CM/17(1)/2020
e-file no. 9098045

Copy to: CPWD/PWD Delhi officers for necessary action.

Superintending Engineer (C&M)

No.DB (42) PCD-1/Kol 503 dt: 11/12/20

Copy to :

The AE(C), FCSD-III, Kol.

Sig. :

Executive Engineer (C)
Postal Civil Division-I
Kolkata-700012

No. F.9/4/2020-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

512, Lok Nayak Bhawan, New Delhi
Dated the 12th November 2020

OFFICE MEMORANDUM

Subject: Bid Security/ Earnest Money Deposit.

The Government is in receipt of many representations that on account of slowdown in economy due to the pandemic, there is acute financial crunch among many commercial entities and contractors, which in turn is affecting timely execution of the contracts. It has also been represented that this may affect the ability of contractors to bid in tenders and hence reduce competition. Requests are being received for reduction in quantum of Security Deposits in the Government contracts.

2. As per Rule 170 of General Financial Rules (GFRs) 2017, Micro and Small Enterprises (MSEs) and the firms registered with concerned Ministries/ Departments are exempted from submission of Bid Security. Further, in lieu of Bid Security, Ministries/ Departments may ask bidders to sign "Bid Security Declaration" accepting that if they withdraw or modify their bids during period of validity etc., they will be suspended for the time specified in the tender documents. Similar provisions also exist in the Manuals for Procurement of Works 2019 and Manual for Procurement of Consultancy & other Services 2017.

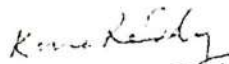
3. In this context it is noted that Bid Security (also known as Earnest Money Deposit) is still being taken from the contractors by the various Ministries/ Departments, though the relaxations have already been provided in General Financial Rules (GFRs) 2017.

4. In view of above, it is reiterated that notwithstanding anything contained in Rule 171 of GFRs 2017 or any other Rule or any provision contained in the Procurement Manuals, **no provisions regarding Bid Security should be kept in the Bid Documents in future and only provision for Bid Security Declaration should be kept in the Bid Documents.**

5. Wherever, there are compelling circumstances to ask for Bid Security, the same should be done only with the approval of the next higher authority to the authority competent to finalise the particular tender or the Secretary of the Ministry/ Department, whichever is lower.

6. The above instructions will be applicable for all the tenders issued till 31.12.2021.

These instructions will be applicable for all kinds of procurements viz. Goods, Consultancy, Works, non-consulting Services etc and are issued under Rule 6(1) of the GFRs 2017.


(Kotluru Narayana Reddy)
Deputy Secretary to the Govt. of India
Tel: 24621305
Email: kn.reddy@gov.in

To,

All the Secretaries and Financial Advisers to Government of India

Copy to: Secretary, Department of Public Enterprises with a request to issue the same instructions to Central Public Sector Undertakings (CPSUs).

By Email/ Register post

Government of India
Ministry of Communications
O/o Chief Engineer I
Department of Posts
Dak Bhawan, New Delhi - 110 001

No. PPND/SW-II/W/282/2013/ 491

Dated: - 07/12/2020

OFFICE MEMORANDUM

Sub: - (i) Reduction in performance Guarantee as per OM NoF.9/4/2020-PPD dated 12.11.2020 issued by the Department of Expenditure, Ministry of finance.
(ii) Relaxation of Earnest Money Deposit as per OM NoF-9/4/2020-PPD dated 12.11.2020 issued by the Department of Expenditure.


Ref:- CPWD OFFICE MEMORANDUM (i) No.DG/CON/Misc./14 dated 23.11.2020 and
(ii)No.DG/CON/Misc./13 dated 23.11.2020 respectively

In reference to the CPWD OMs referred above all concerned are requested to adopt them in Postal Civil Wing with immediate effect.

Superintending Engineer(HQ)
O/o The Chief Engineer I
Department of Posts
Dak Bhawan
New Delhi - 110 001

Copy to:-

1. The Additional DG(Co-ordination), PSB, Dak Bhawan New Delhi for kind information please.
2. The Chief Engineer II Dak Bhawan New Delhi for kind information and necessary action please.
3. The Superintending Engineer (C), PCC, New Delhi/Bangalore/Mumbai/Patna/Kolkata Ahemadabad for information and necessary action please.
4. The Superintending Engineer (E). PEC, New Delhi/Bangalore for information and necessary action please.
5. All Executive Engineers (Civil/Electrical) for information and necessary action please.
6. PA to Chief Engineer(C) Works for record please.
7. File No.PPND/SW-II/W/135


Executive Engineer (P&D) I
O/o Chief Engineer (Civil)
Department of Posts,
Dak Bhawan, New Delhi -01

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O/o Chief Engineer I
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Executive Engineer (P&D) I
O/o Chief Engineer (Civil)
Department of Posts,
Dak Bhawan, New Delhi -01