



75
Azadi Ka
Amrit Mahotsav



केन्द्रीय भण्डारण निगम
(भारत सरकार का उपक्रम)

CENTRAL WAREHOUSING CORPORATION

(A Govt. of India Undertaking)

जन-जन के लिए भण्डारण/Warehousing for Everyone



No.CWC/PUR/Misc. Corresp. /2022

Date: 06.02.2022

All Regional Managers
Central Warehousing Corporation
Regional offices

Subject: Fixation of SD for all kinds of procurements...Reg.

- Ref:-** i. Ministry of Finance OM No.- F.9/4/2020-PPD dated 12.11.2020 on subject Bid Security /Earnest Money Deposit.
ii. Ministry of Finance OM No.- F.9/4/2020-PPD dated 12.11.2020 on subject Performance Security.
iii. CWC CO letter No. CWC/PUR/Misc. Corresp./2020-21/ dt. 22.03.2021.
iv. Ministry of Finance OM No.-F.9/4/2020- PPD dated 30.12.2021 on the subject of Performance Security
v. CWC CO letter No. CWC/PUR/Misc. Corresp./2022 dt. 07.01.2022 & 13.01.2022

Sir,

The Ministry of Finance, Government of India issued two OMs as mentioned above at s.no. i & ii regarding Bid Security (EMD) and Performance Security (Security Deposit). These OMs were circulated vide this office letter as cited above at s.no.iii for information and necessary compliance.

2) Subsequently the OM dt 30.12.2021 of Ministry of Finance as cited at s.no. iv above extending the validity of OM dt 12.11.2020 regarding Performance Security upto 31.03.2023 was received and was forwarded for reference and compliance vide this office letter dt. 07.01.2022 which was however withdrawn for review vide this office dated 13.01.2022.

3) Now after review at Corporate Office it is decided with the approval of Competent Authority (MD) to extend the validity of Ministry of Finance OM dt 12.11.2020 as at s.no. ii regarding Performance Security repeat regarding Performance Security upto 31.03.2023 in accordance with the OM dt 30.12.2021. It is also to clarify that these instructions are not applicable in respect to SAMO and Engineering tenders.

4) You are therefore requested to keep these guidelines in view while fixing Performance Security. For ready reference the correspondence captioned at s.no. i to v are enclosed herewith.

5) It is worth to mention here that the instructions regarding fixing EMD are already reviewed, revised and issued vide Finance Division circular no. CIRCULAR/01/2021-FINANCE dt 24.01.2022.

This is for your information and compliance.

Yours faithfully,

(Amrish Gautam)
Dy. General Manager (Purchase)

Copy to:

1. PS to MD/PS to Dir (Pers)/PS to Dir(M&CP)/PA to Dir (Fin)/PA to CVO CWC CO, New Delhi- for information please.
2. All HoDs, CWC, CO, New Delhi for information, please.



No. CWC/PUR/Misc. Corresp. /2022

Date: 13.01.2022

All Regional Managers
Central Warehousing Corporation
Regional offices

Ahmedabad/Bengaluru/Bhopal/Chandigarh/
Chennai/Delhi/Guwahati/Hyderabad/Jaipur/
Kochi/Kolkata/Lucknow/Mumbai/Patna.

Subject: Fixation of EMD and SD for all kinds of procurements...Reg.

- Ref:-**
1. Ministry of Finance OM No.- F.9/4/2020-PPD dated 12.11.2020 on subjects Bid Security /Earnest Money Deposit and Performance Security.
 2. CWC CO letter No.CWC/PUR/Misc.Corresp. /2020-21/ dated 22.03.2021 and 07.01.2022.
 3. Ministry of Finance OM No.- F.9/4/2020-PPD dated 30.12.2021

Sir,

This has reference to the letter No. CWC/PUR/Misc. Corresp. /2022 dated 07.01.2022 on the cited subject.

In this regard it is to apprise that the matter is under review. Hence the above mentioned letter is withdrawn till further orders.

This is for kind information and compliance.

Yours faithfully,

Amrish Digitally signed by
Amrish Gautam
Date: 2022.01.13
18:00:10 +05'30'

(Amrish Gautam)

Dy. General Manager (Purchase)

Copy to:

1. PS to MD/ Consultant to Dir (Fin)/PS to Dir(Pers)/PS to Dir(M&CP)/ PA to CVO CWC CO, New Delhi- for information please.
2. All HoDs CWC, CO, New Delhi for information please.
3. Manager(Payment), CWC,CO, New Delhi.



75
Azadi Ka
Amrit Mahotsav

केन्द्रीय भण्डारण निगम
(भारत सरकार का उपक्रम)
CENTRAL WAREHOUSING CORPORATION
(A Govt. of India Undertaking)
जन-जन के लिए भण्डारण/Warehousing for Everyone



No. CWC/PUR/Misc. Corresp. /2022

Date: 07.01.2022

All Regional Managers
Central Warehousing Corporation
Regional offices

Ahmedabad/Bengaluru/Bhopal/Chandigarh/
Chennai/Delhi/Guwahati/Hyderabad/Jaipur/
Kochi/Kolkata/Lucknow/Mumbai/Patna.

Subject: Fixation of EMD and SD for all kinds of procurements...Reg.

- Ref:-**
1. Ministry of Finance OM No.- F.9/4/2020-PPD dated 12.11.2020 on subjects Bid Security /Earnest Money Deposit and Performance Security.
 2. CWC CO letter No.CWC/PUR/Misc.Corresp. /2020-21/ dated 22.03.2021.
 3. Ministry of Finance OM No.- F.9/4/2020-PPD dated 30.12.2021

Sir,

Please refer to letters on the subject cited above.

In this regard, it is to appraise that a fresh communication has been received from Department of Expenditure dated 30.12.2021 regarding Performance Security. Wherein, it has been decided to extend the validity of the office memorandum dated 12.10.2020 (copy enclosed) regarding Performance Security till 31.03.2023.

Copy of office memorandums referred above, elaborating in details regarding Fixation of EMD and SD for all kinds of procurements, are enclosed for ready reference.

This is for kind information and compliance.

Yours faithfully,

Amrish
Gautam

Digitally signed by
Amrish Gautam
Date: 2022.01.07
17:59:55 +05'30'

(Amrish Gautam)

Dy. General Manager (Purchase)

Copy to:

1. PS to MD/ Consultant to Dir (Fin)/PS to Dir(Pers)/PS to Dir(M&CP)/ PA to CVO CWC CO, New Delhi- for information please.
2. All HoDs CWC, CO, New Delhi for information please.
3. Manager(Payment), CWC,CO, New Delhi.

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

264-C, North Block, New Delhi.
30th December, 2021.

OFFICE MEMORANDUM

Subject: Performance Security.

The undersigned is directed to refer to this Department's OM of even number dated 12.11.2020 (copy enclosed) regarding the subject cited above and to say that it has been decided to extend the validity of the said OM dated 12.11.2020 regarding "Performance Security" till 31.03.2023.

2. This OM is also available on the website of Department of Expenditure; www.doe.gov.in -> Notification -> Circular --> Procurement Policy OM.

Encl. : As above.

ky
30.12.2021
Kanwalpreet
Director (Procurement Policy)
Tel.: 23093811
Email: kanwal.irss@gov.in

To

Secretaries of All Central Government Ministries/ Departments

Copy to: Secretary, Department of Public Enterprises (DPE) – with a request to issue same instructions to all 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: 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

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).



केन्द्रीय भण्डारण निगम
(भारत सरकार का उपक्रम)
Central Warehousing Corporation
(A Government of India Undertaking)



“जन जन के लिए भंडारण” | “Warehousing For Everyone”

No.CWC/PUR/Misc. Corresp./2020-21/

Date: 22.03.2021

All Regional Managers
Central Warehousing Corporation
Regional offices

Ahmedabad/Bengaluru/Bhopal/Chandigarh/
Chennai/Delhi/Guwahati/Hyderabad/Jaipur/
Kochi/Kolkata/Lucknow/Mumbai/Patna.

Subject: Fixation of EMD and SD for all kinds of procurements...Reg.
Ref:- Ministry of Finance OM No.- F.9/4/2020-PPD dated 12.11.2020 on subjects
Bid Security /Earnest Money Deposit and Performance Security.

Sir,

Undersigned has been instructed to circulate the office memorandums issued by Department of Expenditure, Ministry of Finance, Govt. of India on the subject cited above. In this regard, it is to appraise that Ministry has decided that 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. Further it has also been 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.

It is also to be noted that instructions regarding EMD will be applicable for all the tenders issued till 31.12.2021 and all tenders/ contracts issued/ concluded till 31.12.2021 should also have the provision of reduced Performance Security. Copy of office memorandums referred above, elaborating in details regarding Fixation of EMD and SD for all kinds of procurements, are enclosed for ready reference.

This is for kind information and compliance.

Yours faithfully,

Amrish
Gautam Digitally signed by
Amrish Gautam
Date: 2021.03.22
12:27:16 +05'30'

(Amrish Gautam)
Dy. General Manager (Purchase)

Copy to:

1. GGM (Pers)/GGM (Fin)/CE (I/c) for information please.
2. PS to MD/ Consultant to Dir (Fin)/PS to Dir(Pers)/PS to Dir(MC&P) / PA to CVO CWC CO, New Delhi- for information please.

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: 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 for 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.

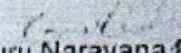
5. In all contracts where Performance Security has been reduced to 3% in view of above stipulations, the reduced percentage of Performance Security shall continue for the entire duration of the contract and there should be no subsequent increase of Performance Security even beyond 31.12.2021.

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

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).