



आज़ादी का  
अमृत महोत्सव



केन्द्रीय भण्डारण निगम  
(भारत सरकार का उपक्रम)

**CENTRAL WAREHOUSING CORPORATION**

(A Govt. of India Undertaking)

जन-जन के लिए भण्डारण/Warehousing for Everyone



भारत 2023



No. CWC CO-ED0TC/11/2023-Tender Cell-CO-Part (2)

Date: - 15.04.2024

**Amendment No.1 to Tender Cell Circular - 3**

**Sub.: - Fixation of Earnest Money Deposit (Bid Security), Performance Security and Security Deposit .... reg.**

**Ref.: -**

- Tender Cell Circular -3; dt. 28.12.2023 on even subject.
- OM F.1/2/2023-PPD; dt. 01.01.2024 issued by DOE, Ministry of Finance, Govt. of India.

- Guidelines on the subject matter have been stipulated in Corporation vide above mentioned circular dated 28.12.2023. However, Government of India, vide above referred OM dt. 1.1.2024 has revised guidelines related to Performance Security & Security Deposit.
- Accordingly, following amendments shall be made applicable to Tender Cell Circular Number 3 w.e.f date of issuance of this amendment:

Reference guidelines of Tender Cell Circular 3	Amended Guidelines									
A. Performance Security	1. <b>General conditions on Percentage of Performance Security</b>									
	<table border="1"><thead><tr><th>S No.</th><th>Contract Value</th><th>Performance Security percentage</th></tr></thead><tbody><tr><td>1.</td><td>Procurement of Works/ Services/Goods*, where contract value is up to Rs. 5 Lakh</td><td>Nil</td></tr><tr><td>2.</td><td>Procurement of Works/ Services/Goods*, where contract value is above Rs. 5 Lakh</td><td>5% of the value of the contract.</td></tr></tbody></table>	S No.	Contract Value	Performance Security percentage	1.	Procurement of Works/ Services/Goods*, where contract value is up to Rs. 5 Lakh	Nil	2.	Procurement of Works/ Services/Goods*, where contract value is above Rs. 5 Lakh	5% of the value of the contract.
	S No.	Contract Value	Performance Security percentage							
	1.	Procurement of Works/ Services/Goods*, where contract value is up to Rs. 5 Lakh	Nil							
2.	Procurement of Works/ Services/Goods*, where contract value is above Rs. 5 Lakh	5% of the value of the contract.								
* Performance Security shall not be required in case where scope includes only supply of goods even if the procurement is more than the threshold value specified above.										
<b>Note: -</b> (i) The Contract Value shall be considered <b>Including GST (if applicable)</b> . (ii) The Value of Contract for the purpose of Performance Security shall be considered Annually for Rate Contracts where contract period is more than one year. However, total contract value shall be considered in case of all other contracts.										

	<p>(iii) In case, the percentage of Performance Security is to be reduced below 5% specific approval from MD is to be taken. However, in any case, the percentage of Performance Security shall not be less than 3%.</p> <p>(iv) In case, additional Performance Security is required for some specific cases based on the special conditions of contract specific approval from MD is to be obtained.</p> <p>(v) Performance Security shall only be in the form of Bank Guarantee. There are two (02) critical dates in the bank guarantee viz BG expiry date &amp; Claim Expiry date. <b>The BG expiry date shall be beyond 60 days</b> from the date of completion of contract and the <b>Claim Expiry date shall be 06 months beyond</b> the BG expiry date. However, this period of 60 days may be further extended upto 1 year from the date of completion of Contract depending upon the nature of work and in the interest of Corporation.</p>
<p><b>B. Security Deposit (SD)</b></p>	<p><b>I. Special Conditions for Works Contract: -</b></p> <p>a) In case of Contracts for works where defect liability period /maintenance warranty period exists as per contract requirement, Security Deposit equivalent to 5% of contract value shall be taken in addition to Performance Security.</p> <p>b) The percentage of Performance Security plus Security Deposit in works contract should not exceed 10% of the Total Value of Contract.</p> <p><b>II. Special Conditions for procurement of Goods: -</b></p> <p>a) In case of Contract for supply of Goods, where Scope of Supply also includes defect liability /maintenance/ warranty as per contract requirement, Security Deposit @ 5% of Total value of Contract shall be taken. However, the percentage of performance security (if any) plus security deposit should not exceed 5% of the total value of the contract.</p> <p>b) The percentage of Performance Security plus Security Deposit in procurement of Goods should not exceed 5% of the Total Value of Contract.</p> <p><b>III. General conditions on Security Deposit</b></p> <p>a) Security deposit shall not be included in the contracts for services (consultancy or non-consultancy) and for procurement of goods where scope includes only supply &amp; installation of goods.</p> <p>b) In case of the supply of Goods where manufacturer/OEM, gives the warranty on Goods, the manufacturer/OEM warranty certificate shall be obtained in lieu of Security Deposit.</p> <p>c) The Earnest Money Deposit (EMD), if any, can also be converted to SD instead of being refunded to the successful bidder.</p>

	<p>d) The remaining amount of SD after adjusting the EMD OR complete amount of SD (if EMD is not converted) shall be withheld @5% of each running /final bill or any other periodic/ interim payment bill, until full amount of Security Deposit is recovered as per terms of contract.</p> <p>e) The full amount of SD may also be accepted through electronic mode (NEFT/RTGS) in the bank account of CWC or in the form of SFMS enabled Bank Guarantee from Commercial Bank.</p> <p>f) SD shall be refunded post expiry of the defect liability period/maintenance/warranty period defined in the contract &amp; after deducting the expenditure, if any incurred by CWC towards maintenance/defect removal works etc on behalf of contractor/supplier, after the issue of the certificate by concerned officer in charge as per terms &amp; conditions of Contract.</p>
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3. These instructions shall apply to all Tender Enquiries issued henceforth. Accordingly, necessary clauses in the tender document may be incorporated to suitably include the above mentioned terms & conditions.
4. For Tenders where Technical bid is yet to open, necessary corrigendum may be issued to this effect. In no case, these instructions shall be applied to Tender in which bid has been opened/awarded.
5. The percentage of Performance Security plus Security Deposit in approved Model Tender Documents, if in case is more than 5% of Total Value of Contract for Goods/Services and 10% of Total Value of Contract for Works Contract, stands amended to the limit of 5% and 10% respectively.
6. Other Terms & Conditions of Tender Cell Circular No. 3 shall remain un-changed.

**This issues with the approval of Competent Authority.**

**(Sachin Gupta)**  
**Manager (Tender Cell)**  
**For Chief Engineer**

**Distribution to:-**

1. All HoDs, CO, CWC.
2. All RMs, CWC.

**Copy to:-**

1. PS to MD/ Sr. PA to DIR (Fin)/ PPS to DIR (Pers.)/PPS to CVO CWC for information please.
2. GM (System), CWC, CO New Delhi for uploading on Website of the corporation in Circular Tab-Tender Cell and Notice board of E-office.
3. DGM (Vigilance), CWC, CO New Delhi for information please.

No.F.1/2/2023-PPD  
Government of India  
Ministry of Finance  
Department of Expenditure  
Procurement Policy Division  
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264-C, North Block, New Delhi,  
01.01.2024

**OFFICE MEMORANDUM**

**Subject: - Amendment in General Financial Rules, 2017 – Rule 171(i)  
Performance Security Regarding.**

**Reference: In supersession of OM of even No. dated 29.12.2023.**

Attention is invited towards Rule 171(i) of General Financial Rules, 2017 regarding Performance Security as amended vide OM No. 1/2/2023-PPD dated 03.04.2023. It has been decided to amend the Rule 171(i) of GFRs, 2017 as under:

<b>Existing Rule</b>	<b>Revised Rule</b>
<b>Rule 171(i):</b> To ensure due performance of the contract, Performance Security is to be obtained from the successful bidder awarded the contract. Unlike contracts of Works and Plants, in case of contracts for goods, the need for the Performance Security depends on the market conditions and commercial practice for the particular kind of goods. Performance Security should be for an amount of <b>three to ten per cent (3-10%)</b> of the value of the contract as specified in the bid documents. Performance Security may be furnished in the form of Insurance Surety Bonds, Account Payee Demand Draft, fixed Deposit Receipt from a Commercial bank, Bank Guarantee (including e- Bank Guarantee) from a Commercial bank or online payment in an acceptable form safeguarding the purchaser's interest in all respects.	<b>Rule 171(i):</b> To ensure due performance of the contract, Performance Security is to be obtained from the successful bidder awarded the contract. Unlike contracts of Works and Plants, in case of contracts for goods, the need for the Performance Security depends on the market conditions and commercial practice for the particular kind of goods. Performance Security, <b>in respect of procurement only of Goods/ Consultancy Services/ Non Consultancy Services, should be for an amount of three to five per cent (3-5%)</b> of the value of the contract as specified in the bid documents. Performance Security may be furnished in the form of Insurance Surety Bonds, Account Payee Demand Draft, fixed Deposit Receipt from a Commercial bank, Bank Guarantee (including e- Bank Guarantee) from a Commercial bank or online payment in an acceptable form safeguarding the purchaser's interest in all respects.

2. Accordingly, amount of Performance Security will also stand modified from existing to 3-5% at all places, including following paragraphs in the procurement manuals:

- (i) Para 6.1.2 of Manuals for Procurement of Goods,
- (ii) Para 6.2.6(iv)(a) of Manual for Procurement of Consultancy and Other Services.

3. All procuring entities are requested to issue future tenders with the performance security as stipulated above. They may also consider modifying tenders already issued and yet to open, as above, wherever feasible.

4. The amount of performance security plus security deposit/ retention money for procurement of works will continue to be 3% to 10%.

5. This OM is also available on website of Department of Expenditure; [www.doe.gov.in](http://www.doe.gov.in) -> Notification -> Circular -> Procurement Policy OM.

*W*  
*01/01/2024*  
(Kanwalpreet)  
Director (PPD)  
Tel.23093811

email: [kanwal.irss@gov.in](mailto:kanwal.irss@gov.in)

To,

All the Secretaries and Financial Advisors to Government of India.

Copy to:

1. Secretary, Department of Public Enterprises with a request to issue same instructions to Central Public Sector Enterprises (CPSEs).
2. Secretary, Department of Financial Services with a request to issue same instructions to Public Sector Banks (PSBs).