



SU/REG/Admn/F-2/31/2018/Vol-I/ 1126

Dated: 18.02.2022

CIRCULAR/

05/2022

Subject: Bid Security /Earnest Money Deposit and Performance Security – Reg

Ref: Office Memorandum no. F.9/4/2020-PPD dated 12.11.2020 on Bid Security/Earnest Money Deposit, Office Memorandum no. F.9/4/2020-PPD dated 30.12.2021 on Performance Security issued by DoE, MoF, GoI.

Please find enclosed OM no. F.9/4/2020-PPD dated 12.11.2020 and OM no. F.9/4/2020-PPD dated 30.12.2021 issued respectively by Procurement Policy Division, Department of Expenditure, Ministry of Finance, Govt. of India on the decisions of the Government of India on Bid Security / Earnest Money Deposit and Performance Security.

All the procuring departments are hereby requested to comply these guidelines.


(Pratap Keshari Dash)
Finance Officer

Encl: 1. Office Memorandum no. F.9/4/2020-PPD dated 12.11.2020 on Bid Security/Earnest Money Deposit issued by DoE, MoF, GoI
2. Office Memorandum no. F.9/4/2020-PPD dated 30.12.2021 on Performance Security issued by DoE, MoF, GoI

Distribution:

1. PS to VC for kind information of the Vice-Chancellor
2. PS to Registrar
3. PS to Finance Officer
4. PS to Controller of Examinations
5. PS to Librarian
6. Deans of Schools of Studies including Dean Students' Welfare
7. All Heads/In-charge(s) of the Departments
8. Internal Audit Officer
9. Engineering Cell
10. E-Tendering Cell
11. Website Committee for uploading the Circular in University Website
12. All Notice Board
12. Guard File

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).

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).