

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.


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).

F. No. 3/7/2017-Trans-Part (6)
भारत सरकार / Government of India
विद्युत मंत्रालय / Ministry of Power
(पारेषण प्रभाग / Transmission Division)

श्रम शक्ति भवन, रफी मार्ग, नई दिल्ली- 110001
Shram Shakti Bhawan, Rafi Marg, New Delhi-110001

दिनांक: 04 अप्रैल, 2022

To,

1. Chairperson, Central Electricity Authority, New Delhi
2. Additional Chief Secretaries / Pr. Secretaries/ Secretaries of Power/ Energy Departments of all States/ UTs and Heads of Power Sector Organisations under States/UTs.
3. Chairman/ Managing Directors of all power sector CPSUs.
4. Chairpersons of all SERCs/JERCs – for kind information please.
5. CEO, RECPDCL
6. CEO, PFCCL

Subject: Reduction in Contract Performance Guarantee (CPG) for Tariff Based Competitive Bidding (TBCB) transmission projects in line with Department of Expenditure's OM dated 30.12.2021 – regarding

Madam/Sir,

Reference is invited to following provisions of Standard Bidding Documents [Request for Proposal (RfP) and Transmission Service Agreements (TSA)] for selection of bidders as Transmission Service Provider through Tariff Based Competitive Bidding process to establish Inter State Transmission System (ISTS):

Para 2.12.1 of RfP document and Para 3.1.1 of TSA document

Contract Performance Guarantee would be computed @ 5% of the required aggregate capital cost of projects/ aggregate payments received for the project as calculated under Clause 2.1.2 of RFP Document. However, the CPG would be @ 3% of the required aggregate capital cost of projects/ aggregate payments received for the project as calculated under Clause 2.1.2 of RFP Document for the projects for which RFPs issued upto 31.12.2021.

2. It may be noted that earlier Department of Expenditure vide their OM dated 12.11.2020, has decided to reduce Performance Security from 5-10% (existing) to 3% for all contracts, issued or concluded till 31.12.2021. Now, Department of Expenditure vide OM dated 30.12.2021 has extended the validity of OM dated 12.11.2020 to 31.03.2023 (copy enclosed)

3. Representations have been received from the transmission developers to provide similar relief in line with Department of Expenditure's OM dated 30.12.2021.

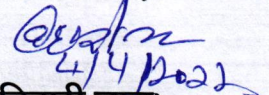
4. The matter has been examined and it is decided that Para 2.12.1 of RfP document and Para 3.1.1 of TSA document for selection of bidders as Transmission Service Provider through Tariff Based Competitive Bidding process to establish ISTS will be modified as under:

Existing Provisions	To be replaced by
Contract Performance Guarantee would be computed @ 5% of the required aggregate capital cost of projects/ aggregate payments received for the project as calculated under Clause 2.1.2 of RFP Document. However, this value would be computed @ 3% of the required aggregate capital cost of projects/ aggregate payments received for the project as calculated under Clause 2.1.2 of RFP Document for the projects for which RFP has been issued till 31.12.2021	Contract Performance Guarantee would be computed @ 5% of the required aggregate capital cost of projects/ aggregate payments received for the project as calculated under Clause 2.1.2 of RFP Document. However, this would be @ 3% of the required aggregate capital cost of projects/ aggregate payments received for the project as calculated under Clause 2.1.2 of RFP Document for the projects for RFPs issued upto 31.03.2023

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

Encl: As above.

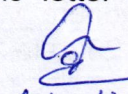
Yours faithfully,


(बिहारी लाल)

अवर सचिव, भारत सरकार,
टेलीफैक्स: 2332 5242
ई-मेल: transdesk-mop@nic.in

Copy to,

1. PS to Hon'ble Minister of Power and NRE – for kind information please.
2. PS to Hon'ble Minister of State for Power – for kind information please.
3. Sr. PPS/ PPS/ PS to Secretary (Power)/ AS (VKD)/ AS (SKGR)/ AS&FA/ Economic Advisor/ All JSs/ Chief Engineer (Th)/ All Directors of Ministry of Power.
4. Technical Director, NIC, MoP- with the request to host this letter on the website of MoP.


अवर सचिव, भारत सरकार