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Dated: 10.02.2021

CIRCULAR/11/2021

Subject: Bid Security /Earnest Money Deposit and Performance Security

On account of slowdown in economy due to pandemic commercial entities and contractors are facing acute financial crunch. Having received numerous requests Department of Expenditure, Ministry of Finance communicated the decisions of the Government of India vide O.M. No. F.9/4/2020-PPD dated 12th November, 2020 as under:

Bid Security /Earnest Money Deposit

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 provision 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.

Wherever, there are compelling circumstances to ask for Bid Security, the same should be done only with approval of the authority competent to finalize the tender.

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

Performance Security

It is decided to reduce rate of Performance Security from existing 5%-10% to 3% of the value of contract for all existing contracts and tenders/contracts to be issued/concluded till 31.12.2021 are as under:

All contracts entered into with the reduced percentage of Performance Security of 3%, there will be no subsequent increase of Performance Security even beyond 31.12.2021. As per existing University policy there shall be no Performance Security for purchases below Rs.1,00,000/-.

The above instructions will be applicable for all kinds of procurement viz. Goods, Consultancy, Works, Non-Consulting Services, etc and are issued under Rule 6(1) of the GFRs 2017.

(Prof. N.K. Paswan)
Finance Officer (I/c)

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