

# DELHI DEVELOPMENT AUTHORITY

## OFFICE MEMORANDUM

OM No. EM/CON/Misc./01

ISSUED BY EM's SECRETARIAT, DDA

VIKAS SANDA, INA, NEW DELHI


DATED 10-12-2020

**Subject:- Reduction in Performance Guarantee.**

A copy of Office Memorandum No. DG/CON/Misc./14 dated 23-11-2020 issued by CPWD in pursuance of OM No. F.9/4.2020-PPD dated 12-11-2020 issued by the Department of Expenditure (Procurement Policy Decision), Ministry of Finance is enclosed for compliance. As mentioned in paragraph 4 of the said OM, all tenders/contracts issued/concluded till 31.12.2021 should also have the provision of reduced Performance Security.

This issues with the approval of VC/DDA.


Encl:- As above.

  
Anil Kr. Arora  
E.E. (Mon.)/DDA

Issued from file No. F1(113)2020/Mon./DDA e-file - 91977

Copy to:

1. OSD to VC, DDA for kind information.
2. DD to EM, DDA for kind information.
3. P.C. (Hort.)/DDA for necessary action.
4. All CE's & CE(HQ)/DDA for necessary action.

  
Anil Kr. Arora  
E.E. (Mon.)/DDA



# CENTRAL PUBLIC WORKS DEPARTMENT

## OFFICE MEMORANDUM

No. DG/ CON/Misc./14

ISSUED BY AUTHORITY OF DIRECTOR GENERAL, CPWD

NIRMAN BHAWAN, NEW DELHI

DATED 23-11-2020

**Subject: - Reduction in Performance Guarantee as per OM No.F.9/4/2020-PPD dated 12.11.2020 issued by the Department of Expenditure, Ministry of Finance.**

A copy of Office Memorandum No.F.9/4/2020-PPD dated 12.11.2020 issued by the Department of Expenditure (Procurement Policy Decision), Ministry of Finance is enclosed for compliance. As mentioned in paragraph 4 of the said OM, all tenders/contracts issued/concluded till 31.12.2021 should also have the provision of reduced Performance Security.

This issues with the approval of Director General, CPWD.

Encl: OM dated 12.11.2020

(V. P. Sahu)

Superintending Engineer (C&M)

Issued from file No. CSQ/CM/17(1)/2020 e-file - 9098045

Copy to: All the officers of CPWD/PWD Delhi.

Superintending Engineer (C&M)



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 12<sup>th</sup> 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).