

# INDIA TRADE PROMOTION ORGANISATION

(Administration Division, E-I Section)  
Pragati Bhawan, Pragati Maidan, New Delhi

F.No.9-ITPO (1)/E-I/2020

Dated: 24 /01/2022

## Circular No. Admin/ 3 /2022

**Subject:** Extension of validity of Department of Expenditure OM dated 12.11.2020 regarding performance Security-reg.

All concerned are advised to take note and comply with the instructions (if/as applicable) issued vide Department of Expenditure (DoE), O.M. No. F.9/4/2020-PPD dated 30.12.2021 and 12.11.2020 (enclosed) regarding above mentioned subject.



(Col. Pushpam Kumar, SM)  
Officer on Special Duty (Admn.)

To

All HoDs

Copy to:

1. All Regional Offices
2. IT Services Division- for uploading the same on the website of ITPO in Knowledge Management (Administration Division).
3. Circular Register
4. Notice Board

For information to:

1. PS to CMD
2. PS to ED



F. No. DPE/7(4)/2017-Fin.  
Government of India  
Ministry of Finance  
Department of Public Enterprises

Dy. No. 22 / CMD/22  
14/01/22

Block No. 14, CGO Complex,  
Lodi Road, New Delhi-110003  
10<sup>th</sup> January, 2022

To,


Chief Executives of all CPSEs

Subject:- Extension of validity of Department of Expenditure O.M. dated 12.11.2020 regarding Performance Security - regarding

Sir/Madam,

The undersigned is directed to forward herewith a copy of Department of Expenditure O.M. No. 9/4/2020-PPD dated 30<sup>th</sup> December, 2021 (copy enclosed) on the subject mentioned above for information and compliance.

Encl : As stated

  
(Dr. Nitin Aggrawal)  
Joint Director  
Tel : 2436-0258

x 14/1  
L. C. GOYAL  
C.M.D.

ED  
Necessary instructions/circular

14/1/22  
14/1/22  
IECC  
VIBHU NAYAR  
Executive Director

Col. Pushpam Kumar, SM  
OSD (Admn.)  
17/01

14/01/22 - Create plan

18/01/2022

DM(SJ)  
14/01/2022

JA(RR)

No.F.9/4/2020-PPD  
Government of India  
Ministry of Finance  
Department of Expenditure  
Procurement Policy Division  
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264-C, North Block, New Delhi.  
30<sup>th</sup> 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](http://www.doe.gov.in) -> Notification -> Circular --> Procurement Policy OM.

Encl. : As above.

4  
30.12.2021  
Kanwalpreet  
Director (Procurement Policy)  
Tel.: 23093811  
Email: [kanwal.irss@gov.in](mailto: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 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.

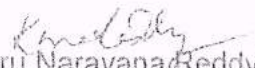
5. In all contracts where Performance Security has been reduced to 3% in view of above stipulations, the reduced percentage of Performance Security shall continue for the entire duration of the contract and there should be no subsequent increase of Performance Security even beyond 31.12.2021.

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).