



ऑयल इंडिया लिमिटेड

(भारत सरकार का उद्यम) पंजीकृत कार्यालय : दुलियाजान, असम

Oil India Limited

(A Government of India Enterprise) Registered Office : Duliagan, Assam

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CIRCULAR

Ref: OIL 62/C&P/ 274 /2020

Date: 02.12.2020

From : General Manager (C&P), Corporate Office

To : All Executives of C&P Department, All Spheres

Sub : Reduction in value of Performance Security and Bid Security / Earnest Money Deposit in the tenders as well as existing contracts.

Reference is invited to the Office Memorandum No. DPE/7(4)/2017-Fin.(Part-I) Dated 19.11.2020 issued by Department of Public Enterprises in regards to the following matters:

- (i) Reduction in Performance Security from existing 5-10% to 3% of the value of the Contract.
- (ii) No provisions regarding Bid Security should be kept in the Bid Documents in future and only provisions for Bid Security Declaration should be kept in the Bid Documents.
- (iii) No provision should be kept in the Bid Documents regarding Additional Security Deposit/ Bank Guarantee (BG) in case of Abnormally Low Bids.

Accordingly, this Circular is issued for the following:

A) PERFORMANCE SECURITY/SECURITY DEPOSIT:

- (i) Performance Security to be reduced to 3% from existing 7.5% to 10% 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.

Accordingly, the contractor/supplier of such contracts will be informed regarding reduced performance security @ 3% in place of existing. Following process will be followed where contractors have already submitted performance security:

- a) In case, contractor/supplier has submitted performance security/security deposit in the form of Demand Draft/Cashier cheque/ Electronic Fund transfer, partial return of the same can be done by way of bank transfer.
- b) In case, contractor/supplier has submitted performance security/sécurité deposit in the form of bank guarantee, the partial security deposit can be returned by way of accepting the amendment to PBG by reducing its value to the tune of PBG amount to be retained OR contractor/supplier can submit the new security deposit of revised value and on receipt of acceptable new security deposit of reduced amount, earlier PBG can be returned, as deemed fit.
- (ii) For all tenders/contracts issued/concluded till 31.12.2021, the reduced Security Deposit/Performance Security @3% shall be applicable in place of existing amount as stipulated in line with Integrated Procedure/Manual for Procurement of Goods & Services. Annexure-I for amending the relevant clause of manual is attached.
- (iii) 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.
- (iv) In tenders to be invited/already invited whenever performance security @7.5% to 10% is stipulated in tender document, same shall be modified as @3%.
- (v) 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.
- (vi) Additional Performance bank guarantee towards fulfillment of conditions pertaining to Local contents in accordance with the value mentioned in the certificate of LC, as per PP-LC policy, shall continue to be sought as per existing provisions.
- (vii) Wherever, security deposit/performance security for warranty period is applicable, same shall be continued in existing contracts without any reduction.
- (viii) 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 authority one level higher than Competent Approving Authority. Specific reasons justifying the exception shall be recorded.

B) BID SECURITY/ EARNEST MONEY DEPOSIT:

- (i) For all tenders issued/to be opened till 31.12.2021, notwithstanding any provision mentioned in Integrated Procedure/Manual for Procurement of Goods & Services, No Bid security/Earnest money deposit will be sought from any bidder. Annexure-II for amending the relevant clause of manual is attached.





(ii) All the bidders shall be required to sign a “Bid Security Declaration” accepting that if they withdraw or modify their Bids during the period of validity, or if they are awarded the contract and they fail to sign the contract, or to submit a performance security before the deadline defined in the NIT, they will be suspended for the period of two years. This suspension of two year shall be automatic without conducting any enquiry.

(iii) Wherever, there are compelling circumstances to ask for Bid Security, the same should be done only with the approval of authority one level above Competent Approving Authority.

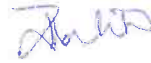
All the above conditions for reduction in Performance Security and EMD will be applicable to contracts awarded to Indian as well as Foreign Contractors.

All concerned are requested to be guided accordingly and to incorporate suitable clause in the tender document.


02/12/2020

(Anita Dam)

General Manager (C&P)
For Chairman & Managing Director



cc: CMD

cc: D (HR&BD) / D (E&D) / D (F) / D (O) / CVO

cc: RCE / ED (CA) / ED (C&P) / ED (RF) / ED (E&D)

cc: CGM (KGB & BEP) / CGM (PHQ) / CGM (KOLKATA)

ANNEXURE – I

In view of Govt Directive vide OM no. DPE/7(4)/2017-Fin.(Part-I) Dated 19.11.2020 issued by Department of Public Enterprises, No bid Security / Earnest Money is applicable against for a temporary period, till 31.12.2021.

Accordingly, the table of content for Bid Security amount as mentioned under clause no. 17.3 of the OIL's Integrated Procedure/Manual for Procurement of Goods & Services shall be read as under in lieu of existing till the tenders floated till 31.12.2021. The tender to be floated beyond 31.12.2021, the original table of content for Bid Security amount under clause of 17.3 of the OIL's Integrated Procedure/Manual for Procurement of Goods & Services shall be applicable.

17.3 AMOUNT OF BID SECURITY:

Amount of Expenditure Sanction	Amount of EMD /Bid Security
<= Rs.10Lakh	No Bid Security /EMD shall be applicable till 31.12.2021. Instead of EMD /Bid Security, all the bidders shall be required to sign a Bid securing declaration accepting that if they withdraw or modify their Bids during the period of validity, or if they are awarded the contract and they fail to sign the contract, or to submit a performance security before the deadline defined in the NIT, they will be suspended for the period of two years. This suspension of two year shall be automatic without conducting any enquiry.
>Rs.10Lakh, <= Rs. 5Crore	
>Rs. 5 Crore, <= Rs. 15 Crore	
>Rs.15 Crore, <= Rs. 25 Crore	
.>Rs. 25 Crore	

ANNEXURE - II

In view of Govt Directive vide OM no. DPE/7(4)/2017-Fin.(Part-I) Dated 19.11.2020 issued by Department of Public Enterprises, The Performance Security is reduced to 3 % for a temporary period tender till 31.12.2021.

Accordingly, the table of content for Performance Security amount as mentioned under clause no. 27.2 of the OIL's Integrated Procedure/Manual for Procurement of Goods & Services shall be read as under in lieu of existing for the tender floated till 31.12.2021. The tender to be floated beyond 31.12.2021, the original table of content for Bid Security amount under clause of 27.2 of the OIL's Integrated Procedure/Manual for Procurement of Goods & Services shall be applicable. Accordingly, the contracts/POs awarded against the tenders floated till 31.12.2021 having this revised Performance Security @ 3% (PBG) amount clause, the PBG @ 3% shall be applicable.

27.2 SUBMISSION OF PERFORMANCE SECURITY:

Type of Contract	Performance Security Amount
Procurement of materials, works and services up to an individual contract/order value of Rs. 5 Lakhs	Nil
Procurement of Spares, materials of proprietary nature from original manufacturer, the sole selling agent of OEM, authorized dealer and OEM services	Nil
Procurement of materials, goods, works including LSTK contract	3 % of contract/order value
Hiring of contract services above Rs. 20 Lakhs	3 % of annualized contract value in case the contract period is more than 1 year In case the contract period is 1 year or less the

Handwritten signature

	performance security shall be 3 % of contract value
Consulting service contract	Nil.
Annual rate contract for materials/services/works/AMC	3 % of order value of individual release order in addition to retention of EMD
Contracts for works/services where estimated value is up to Rs. 20 Lakhs	3 % (initial security deposit along with acceptance of contract is to be deposited for 2.5% and remaining 0.5% is to be recovered from running account bill)
Labour contracts involving listed labourers of OIL	3 % of annualized contract value

Patel

No. DPE/7(4)/2017-Fin.(Part-I)
Government of India
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises

Public Enterprises Bhawan
Block No.14, CGO Complex
New Delhi – 110003

Date: November, 2020
19/11

OFFICE MEMORANDUM

Sub.: D/o Expenditure OMs No.9/4/2020-PPD dated 12.11.2020 on Additional Performance Security in case of Abnormally Low Bids, Bid Security /Earnest Money Deposit and Performance Security-regarding

The undersigned is directed to enclose Department of Expenditure's (DoE) OMs on the following matters for information and compliance by CPSEs:

- (i) Reduction in Performance Security from existing 5-10% to 3% of the value of the contract. (DoE OM No.9/4/2020-PPD dated 12.11.2020)
 - (ii) No provisions regarding Bid Security should be kept in the Bid Documents in future and only provisions for Bid Security Declaration should be kept in the Bid Documents. (DoE OM No.9/4/2020-PPD dated 12.11.2020)
 - (iii) No provision should be kept in the Bid Documents regarding Additional Security Deposit/ Bank Guarantee (BG) in case of Abnormally Low Bids. (DoE OM No.9/4/2020-PPD dated 12.11.2020)
2. All the administrative Ministries/ Departments of CPSEs are requested to ensure compliance of the directions issued by DoE by CPSEs under their administrative control.
 3. This issues with the approval of competent authority.


(Amit Rastogi)
Director
Tel.24362061
19/11/20

Encl.: (DoE's 3 OMs No. 9/4/2020-PPD dated 12.11.2020)

To

- i) All the Secretaries to the Administrative Ministries/Departments of CPSEs
- ii) Chief Executives of CPSEs

Copy for information to:

Secretary, D/o Expenditure, North Block, New Delhi

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).

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.

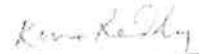
3. In this context it is noted that Bid Security (also known as Earnest Money Deposit) is still being taken from the contractors by the various Ministries/ Departments, though the relaxations have already been provided in General Financial Rules (GFRs) 2017.

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).