



No. REC/CO/PMD/SAC/General/272

Date: 15.03.2021

**Sub: Reduction of Performance Security in DDUGJY, Saubhagya and Addnl. Infra projects and revision of clause in the Standard Bidding Document (SBD) – reg.**

Sir,

Ministry of Finance, Department of Expenditure and Procurement Policy Division vide its Office Memorandum date 12.11.2020 (copy enclosed at Annex. -I) has decided to reduce the Performance Security from existing 5-10% to 3% of the value of contract for all existing contracts. However, the benefit of reduced Performance Security will not be given in the contracts under dispute wherein arbitration/court proceedings have already been started or are contemplated.

2. Further, all tenders/contracts issued/concluded till 31.12.2021 should also have the provision of reduced Performance Security.
3. 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.
4. 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.
5. 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 finalize the particular tender, or the Secretary of the Ministry/ Department, whichever is lower. Specific reasons justifying the exception shall be recorded.
6. 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.
7. In this regard, Ministry of Power vide its letter dated 08.03.2021 (copy enclosed at Annex. -II) has directed to insert the new provisions on Performance Security and to amend the Standard Bidding Document (SBD) with immediate effect.
8. In compliance of above directives from Ministry of Finance and Ministry of Power, the performance security mentioned at clause no. 34.1 of Section-II of Volume-I of SBD prescribed for the projects of DDUGJY, Saubhagya and DDUGJY-Addnl. Infra, is revised to 3% (three percent) of the contract price from the existing 10% (ten percent).

This is for information and further necessary action at your end for revision of performance security to 3% (three percent) in all existing contracts of DDUGJY, Saubhagya and DDUGJY-Addnl. Infra projects, in-line with the above circular of Ministry of Finance.

Thanking You,

Yours Sincerely,

  
(R. Lakshmanan)

To,  
The CMD(s) / Managing Director(s),  
All DISCOMs / PIAs of States.

Copy for information please:

1. Joint Secretary (RE), Ministry of Power, Shram Shakti Bhawan, New Delhi – 110001.

2. Sr. CPM/CPM, REC Regional Offices – ~~REC Limited~~ necessary action.  
(Formerly Rural Electrification Corporation Limited)  
A Government of India Enterprise