

No.23/17/2013-R&R (Vol-VI)-Part(4)
Government of India
Ministry of Power

Shram Shakti Bhawan, Rafi Marg
New Delhi, 6th April, 2026

OFFICE MEMORANDUM


Sub: Introduction of Insurance Surety Bonds (ISBs) as an Alternative to Bank Guarantees/Bid Security across all Power Procurement Frameworks– Reg.

In line with the Ministry of Finance's amendment to **Rules 170(i) and 171(i) of the GFR, 2017** (OM dated 02.02.2022), it is informed that **Insurance Surety Bonds (ISBs)** are recognized as an acceptable alternative to Bank Guarantees (BGs) for Bid Security and Performance Security (copy enclosed).

2. Ministry of Power has already incorporated provisions for Insurance Surety Bonds (ISBs) in the Standard Bidding Guidelines for Renewable Energy projects (Solar, Wind, Hybrid, FDRE), Pumped Storage Projects, and Transmission projects. ISBs provide financial security equivalent to Bank Guarantees, while significantly reducing the credit exposure and liquidity constraints.

3. In view of the above, all States/UTs and procuring utilities are advised to suitably incorporate provisions for acceptance of ISBs, or any other instruments permitted under the General Financial Rules (as amended from time to time), as valid instruments for Bid Security and Performance Security in their respective bidding documents, including those for long-term, medium-term, and short-term power procurement, as well as Battery Energy Storage Systems (BESS). This will ensure policy consistency across segments, improve ease of doing business, and facilitate wider and more competitive participation in the power sector.

Encl: As above

Yours faithfully,

(Manish Mishra)
Director
Tel: 2373 0265

1. Principal Secretaries/Secretaries (Power/Energy) of all State Governments/UTs
2. CMDs/MDs of Discoms/Gencos of all State Governments
3. Secretaries of All State Electricity Regulatory Commissions/JERCs.

Copy to

1. The Chairperson, CEA, New Delhi
2. Secretary, CERC, New Delhi

Copy for information to: Sr. PPS to Secy (P), Sr. PPS to AS (R&R), Sr.PPS to JS(Thermal), PSO to CE (R&R), Ministry of Power.

OFFICE MEMORANDUM

Subject: Amendment to General Financial Rules (GFR), 2017 to include Insurance Surety Bonds as Security Instrument.

It has been decided to partially amend Rule 170(i) and Rule 171(i) of General Financial Rules (GFR), 2017 regarding 'Bid Security and Performance Security respectively' as under:

| Rule/ Para | Existing provision | Amended Rule |
|---------------|---|---|
| 170(i) | The bid security may be accepted in the form of Account Payee Demand Draft, Fixed Deposit Receipt, Banker's Cheque or Bank Guarantee from any of the Commercial Banks or payment online in an acceptable form, safeguarding the purchaser's interest in all respects. | The bid security may be accepted in the form of Insurance Surety Bonds , Account Payee Demand Draft, Fixed Deposit Receipt, Banker's Cheque or Bank Guarantee from any of the Commercial Banks or payment online in an acceptable form, safeguarding the purchaser's interest in all respects. |
| 171(i) | Performance Security may be furnished in the form of an Account Payee Demand Draft, Fixed Deposit Receipt from a Commercial bank, Bank Guarantee from a Commercial bank or online payment in an acceptable form safeguarding the purchaser's interest in all respects | Performance Security may be furnished in the form of Insurance Surety Bonds , Account Payee Demand Draft, Fixed Deposit Receipt from a Commercial bank, Bank Guarantee from a Commercial bank or online payment in an acceptable form safeguarding the purchaser's interest in all respects |

2. This OM is also available on website of Department of Expenditure; www.doe.gov.in -> Notification -> Circular --> Procurement Policy OM. Hindi version of this OM will follow.


2/2/22
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To
Secretaries to All Central Government Ministries/ Departments