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F.No:NRRDA-P013(11)/1/2019-Dir (P-I) / 872

26th April, 2023

To,

The Additional Chief Secretaries/ Principal Secretaries/ Secretaries dealing with PMGSY / RCPLWEA in the States/UTs

Sub: Amendment in Standard Bidding Document (SBD) (June 2020) for inclusion of Acceptance of electronic Bank Guarantee (e-BG).

Sir/Madam,

As you are well aware, all PMGSY works are being executed as per Standard Bidding Document (SBD) circulated by MoRD/NRIDA to the States. In order to implement the "OM No. F.1/4/2022-PPD dated 5th August, 2022 regarding amendment in the Rule 170(i) and Rule 171(i) of General Financial Rules (GFR) 2017 (copy enclosed) related with Bid Security and Performance Security, the amendments in relevant clauses of SBD has been made by MoRD/NRIDA.

In this regard, all the executing / implementing agencies i.e. SRRDA/PWD/NEAs of States/ UTs dealing with Pradhan Mantri Gram Sadak Yojana (PMGSY) are advised as follows:

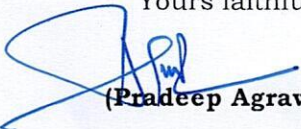
Currently, the Performance Security may be accepted in the form of Insurance Surety Bonds, Account Payee Demand Draft, Fixed Deposit Receipt or Bank Guarantee (including e-Bank guarantee) from a Commercial Bank. However, after 1st July, 2023, if the Performance Security is offered in the form of a bank guarantee, then it shall be accepted in form of only e-Bank Guarantee from a commercial bank. However, this may be relaxed in exceptional cases with the prior approval of "Empowered Officer of respective SRRDA" only.

The amendments in relevant clause of SBD are attached as **Annexure**. These amendments shall always be included in the tender / bid document.

This issue with the approval of Competent Authority.

Encl: As above

Yours faithfully,


(Pradeep Agrawal)

Copy for Information to:-

1. CEO/ENC/Chief Engineers of all SRRDA dealing with PMGSY and RCPLWEA.
2. Director (RC)/ DS (RC), MoRD, Krishi Bhavan, New Delhi.
3. Director (P-II)/Director (P-III)/ Director (Technical)/Director (F&A)/ NRIDA, New Delhi.
4. PPS to AS (AD), MoRD & DG, NRIDA, New Delhi.

Amendment to SBD Clauses

Clause	Existing Clause	Amended Clause
<p>Section 30: Clause 30.2</p>	<p>Performance Security of two and a half percent to be delivered by the successful bidder after the receipt of Letter of Acceptance shall be either in the form of a Bank Guarantee or Fixed Deposit Receipts in the name of Employer, from a scheduled commercial bank.</p> <p>If the Performance Security is in the form of a Bank Guarantee, the period of validity of Bank Guarantee of two and a half percent of Contract Price could be one year initially, however, the Contractor shall get this Bank Guarantee extended in such a way that an amount equal to the requisite Performance Security is always available with the Employer until 45 days after the lapse of Defects Liability Period. If the Contractor fails to maintain above Performance Security, the Employer would recover the same from any dues payable to the Contractor.</p>	<p>Performance Security of two and a half percent shall be delivered by the successful bidder after the receipt of Letter of Acceptance.</p> <p>Currently, the Performance Security may be accepted in the form of Insurance Surety Bonds, Account Payee Demand Draft, Fixed Deposit Receipt or Bank Guarantee (including e-Bank guarantee) from a Commercial Bank. However, after 1st July, 2023, if the Performance Security is offered in the form of a bank guarantee, then it shall be accepted in form of only e-Bank Guarantee from a commercial bank. However, this may be relaxed in exceptional cases with the prior approval of "Empowered Officer of respective SRRDA" only.</p> <p>If the Performance Security is in the form of a Bank Guarantee (including e-Bank Guarantee), the period of validity of Bank Guarantee (including e-Bank Guarantee) of two and a half percent of Contract Price can be one year initially. However, the Contractor shall get this Bank Guarantee (Including e-Bank Guarantee) extended in such a way that an amount equal to the requisite Performance Security is always available with the Employer until 45 days after the lapse of Defect Liability Period. If the Contractor fails to maintain the above Performance Security, the Employer would recover</p>



		the same from any dues payable to the Contractor. The validity of all other forms of Performance Security shall also be as indicated above.
Section 43 : Clause 43.1	The Employer shall retain security deposit of five percent and Performance Security of two and a half percent of the amount from each payment due to the Contractor until completion of the whole of the construction Work. No security deposit/ retention shall be retained from the payments for Routine Maintenance of works. In case, the Contractor furnishes bank guarantee for the amount equal to Performance Security of two and a half percent retained from each payment due to the Contractor, the same amount shall be repaid to the Contractor subject to condition that the validity of bank guarantee is as per provision of Clause 46.2 of GCC.	The Employer shall retain security deposit of five percent and Performance Security of two and a half percent of the amount from each payment due to the Contractor until completion of the whole of the construction work. No security deposit/ retention shall be retained from the payments for Routine Maintenance of works. In case, the Contractor furnishes bank guarantee (including e-Bank Guarantee) for the amount equal to Performance Security of two and a half percent retained from each payment due to the Contractor, the same amount shall be repaid to the Contractor subject to condition that the validity of bank guarantee (including e-Bank Guarantee) is as per provision of Clause 46.2 of GCC.
Section 45; Clause 45.1	On the request of the Contractor, the Employer will make the following advance payment to the Contractor against submission by the Contractor of an Unconditional Bank Guarantee from a scheduled Commercial bank acceptable to the Employer in amounts equal to 110% (one hundred ten percent) of the amount of	On the request of the Contractor, the Employer will make the following advance payment to the Contractor against submission by the Contractor of an Unconditional Bank Guarantee (including e-Bank Guarantee) from a scheduled commercial bank acceptable to the Employer in amounts equal to 110% (one hundred ten percent) of the amount of the advance payment being requested:

	<p>the advance payment being requested:</p> <ul style="list-style-type: none"> a. Mobilization advance up to 5% (five percent) of the initial contract price excluding the contract price for routine maintenance b. Equipment Advance up to 90% (ninety percent) of the cost of the new equipment brought to the site, subject to a maximum of 10% (ten percent) of the initial contract price excluding the contract price for routine maintenance. <p>The Bank Guarantee shall remain effective until the advance payment has been repaid, but the amount of the guarantee shall be progressively reduced by the amounts repaid by the Contractor. Interest will not be charged on the advance payment. However, if the Contract is terminated due to default of the Contractor, the Mobilization Advance and the Equipment Advance shall be deemed to be an interest bearing advance at the base rate of the State Bank of India, as application on the date of such advance payment.</p>	<ul style="list-style-type: none"> a. Mobilization advance up to 5% (five percent) of the initial contract price excluding the contract price for routine maintenance b. Equipment Advance up to 90% (ninety percent) of the cost of the new equipment brought to the site, subject to a maximum of 10% (ten percent) of the initial contract price excluding the contract price for routine maintenance <p>The Bank Guarantee (including e-Bank Guarantee) shall remain effective until the advance payment has been repaid, but the amount of the guarantee shall be progressively reduced by the amounts repaid by the Contractor. Interest will not be charged on the advance payment. However, if the Contract is terminated due to default of the Contractor, the Mobilization Advance and the Equipment Advance shall be deemed to be an interest bearing advance at the base rate of the State Bank of India, as applicable on the date of such advance payment. But after 1st July, 2023, only e-BG will be followed.</p>

<p>Section 46: Clause 46.2</p>	<p>The Performance Security shall be valid until a date 45 days from the date of issue of certificate of completion of construction work and maintenance work subject to the condition that if the Performance Security is in the form of a Bank Guarantee, the period of validity of Bank Guarantee could be one year initially; however, the Contractor would get this Bank Guarantee extended in such a way that an amount equal to five percent of the Contract Price is always available with Employer until 45 days after the lapse of the Defects Liability Period. If the Contractor fails to maintain the above Performance Security, the Employer would recover the same from any dues payable to the Contractor.</p>	<p>The Performance Security shall be valid until a date 45 days from the date of issue of certificate of completion of construction work and maintenance work subject to the condition that if the Performance Security is in the form of a Bank Guarantee (including e-Bank Guarantee), the period of validity of Bank Guarantee (including e-Bank Guarantee) could be one year initially; however, the Contractor would get this Bank Guarantee (including e-Bank Guarantee) extended in such a way that an amount equal to five percent of the Contract Price is always available with Employer until 45 days after the lapse of the Defects Liability Period. If the Contractor fails to maintain the above Performance Security, the Employer would recover the same from any dues payable to the Contractor.</p>
<p>Clause Reference : Sub Para : (C) Maintenance and Other Items: Point no 21</p>	<p>The standard form of Performance Security acceptable to the Employer shall be an unconditional Bank Guarantee of the type as presented in the Bidding Documents, or Fixed Deposit Receipt from a scheduled Commercial bank.</p>	<p>The standard form of Performance Security acceptable to the Employer shall be an unconditional Bank Guarantee (including e-Bank Guarantee) of the type as presented in the Bidding Documents. But after 1st July,2023, only e-BG will be followed.</p>
<p>Standard Forms : (a)</p>	<p>You are hereby requested to furnish Performance Security, (and additional security for unbalanced bids in terms of ITB Clause 26.3) [where applicable] in the form detailed in Cl. 30 of ITB for an</p>	<p>You are hereby requested to furnish Performance Security, (and additional security for unbalanced bids in terms of ITB Clause 26.3) [where applicable] in the form detailed in Cl. 30 of ITB for an amount of Rs. _____ within 10 days of the receipt of this Letter of</p>



<p>Letter of Acceptance</p>	<p>amount of Rs. _____ within 10 days of the receipt of this Letter of Acceptance valid up to 45 days from the date of expiry of Defects Liability Period i.e. up to and sign the Contract. If the Performance Security is in the form of a Bank Guarantee, the period of validity of Bank Guarantee could be one year initially, however, the Contractor would get this Bank Guarantee extended in such a way that an amount equal to the requisite Performance Security is always available with the Employer until 45 days after the lapse of Defects Liability Period failing which action as stated in Cl. 30.3 of ITB will be taken.</p>	<p>Acceptance valid up to 45 days from the date of expiry of Defects Liability Period i.e. up to and sign the Contract. If the Performance Security is in the form of a Bank Guarantee (including e-Bank Guarantee), the period of validity of Bank Guarantee (including e-Bank Guarantee) could be one year initially, however, the Contractor would get this Bank Guarantee (including e-Bank Guarantee) extended in such a way that an amount equal to the requisite Performance Security is always available with the Employer until 45 days after the lapse of Defects Liability Period failing which action as stated in Cl. 30.3 of ITB will be taken.</p>
<p>Standard Forms : (c) Standard Form of Agreement Standard Form: Agreement: Para d:</p>	<p>Form of unconditional Bank Guarantee from Contractor for [To be specified by State]</p>	<p>Form of unconditional Bank Guarantee (including e-Bank Guarantee) from Contractor for [To be specified by State]. As per Section 30, Clause 30.2).</p>

Note: As per the note provided, the above amendments shall be applicable with immediate effect. However, the bidding documents for all tenders invited after 1st July, 2023 shall be modified accordingly to incorporate these amendments. This means that any tenders invited after 1st July, 2023 must comply with the new clauses related to e-BG for Bid Security and Performance Security as per the amended SBD of PMGSY.



No.F.1/4/2022-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

264-C, North Block, New Delhi.
05.08.2022.

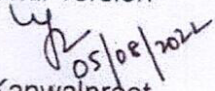
OFFICE MEMORANDUM

Subject: Amendment in General Financial Rules (GFR), 2017 - Acceptance of electronic Bank Guarantee (e-BG).

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 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.	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 (including e- 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 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.	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 (including e- 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.


05/08/2022
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To
Secretaries of All Central Government Ministries/ Departments