

FC-7/2/2020-e-FD
GOVERNMENT OF MANIPUR
SECRETARIAT: FINANCE DEPARTMENT
(Finance Commission Cell)

OFFICE MEMORANDUM
Imphal, the 13th November, 2020

Subject: Reduction of Performance Security in terms of Rule No.171 of the General Financial Rules (GFR), 2017- guidelines regarding.

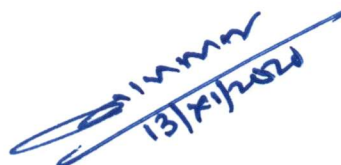
Rule-171 of the General Financial Rules (GFR) 2017 stipulates that to ensure due performance of a contract, Performance Security amounting to 5-10% of the value of the contract as specified in the bid documents is to be obtained from the successful bidder being awarded the contract.

2. In this regard, the Department of Expenditure, Government of India vide the O.M.No.F9/4/2020-PPD dated the 12th November, 2020 (copy enclosed) has decided to **reduce Performance Security** from the **existing 5-10% to 3%** of the value of the contract under Rule 6(1) of the General Financial Rules (GFR) 2017, for all existing contracts, on account of slowdown in economy due to the COVID-19 Pandemic causing acute financial crunch among many commercial entities and contractors, which is in turn affecting timely execution of contracts.

3. It has therefore been decided that, along similar lines for the State, the Performance Security will be reduced from the existing 5-10% to 3% of the value of the contracts for all existing contracts. However, the benefits of the reduced Performance Security will not be applicable for the contracts under dispute wherein arbitration/ court proceedings have been already started or are contemplated. Further, all tenders/ contracts issued/ concluded till 31.12.2021 should also have the provision of reduced Performance Security.

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

5. Wherever, there is compelling circumstances to ask for Performance Security in excess of 3 (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. Specific reasons justifying the exception shall be recorded.


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6. These instructions shall be applicable for all kinds of procurement, namely, Goods, Consultancy, works, non-Consulting Services etc. by the State Government Departments, State Government Public Undertakings, Local bodies and Agencies under the control of the State Government.
7. This issues with the approval of the Competent Authority.


(Dr. Rajesh Kumar)
Chief Secretary
Government of Manipur

Copy to:

1. Secretary to the Hon'ble Governor, Manipur.
2. Secretary to the Hon'ble Chief Minister, Manipur.
3. PPS to the Hon'ble Minister _____, Manipur.
4. All Administrative Secretaries, Government of Manipur.
5. Principal Accountant General (A&E), Manipur.
6. All Heads of Departments, Manipur.
7. Shri KN Reddy, Deputy Secretary to the Government of India in the Department of Expenditure, Ministry of Finance.
8. All Officers of Finance Department, Government of Manipur.
9. Relevant file.


(Neilenthang Telien)
Joint Secretary (Finance)
Government of Manipur