



Indian Electrical & Electronics Manufacturer's Association
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Director General

SEC/REP/S/2021/066

14th February 2021

To,
Secretary – Industry
All States

Dear Sir / Ma'am,

Sub: Request to Issue Order by the Government for Reduction in Value of Performance Security from 5-10% to 3% in Government Tenders

Indian Electrical & Electronics Manufacturers' Association (IEEMA), is the apex representative body of electrical industry. IEEMA covers a wide range of electrical, industrial electronics and allied products, encompassing the entire value chain of the sector from power generation, transmission, distribution and downstream to the point of consumption of electricity; thereby covering finished products, parts and components, systems and services.

In respect of slowdown in the economy on account of outbreak of deadly COVID-19 pandemic, there is an acute financial crunch among many commercial entities and contractors which has affected the timely execution of the contracts. Further, this cash crunch has affected the ability of contractors to bid in tenders for healthy completion in the market, particularly in the Indian Electrical Industry.

We would like to bring to your kind notice about the recent announcement of *Aatmnirbhar Bharat 3.0* on 12th November 2020, which includes **reduction in value of performance security on Government tenders from existing 5-10% to 3% of the value of the contract.**

In this connection, the Department of Expenditure, Ministry of Finance, Government of India, has issued an Office Memorandum, vide no. F. 9/4/2020-PPD, dated 12th November, 2020, advising all the Government Departments / Public Enterprises / Central Public Sector Undertakings etc. to reduce the Performance Security from existing 5 -10% to 3% of the value of the contract pertaining to all existing contractors tenders / contracts issued / concluded upto 31.12.2021, thus making it applicable for all kinds of procurement viz. Goods, Consultancy, Works, non-consulting Services, EPC etc. and are issued under Rule 6(1) of the GFRs 2017.

Also, 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



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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. A copy of the Office Memorandum issued by the Department of Expenditure is given in the link below, as annexure 1.

We would like to inform that Oil India Ltd, Powergrid Ltd., RVNL, Ministry of Road Transport & Highways, Government of Rajasthan, Department of Public Enterprises, CPWD, ONGC, Railway Board and Government of J&K have issued their Orders in this regard, which are given in the link below, as annexures 2, 3, 4, 5, 6, 7, 8, 9, 10 and 11.

Following is the link to reach the aforesaid annexures 1 to 11:

<https://drive.google.com/drive/folders/18JmS84lpjTZCCHeaxRV3YOH0BnEqNhZw?usp>

We request your good offices to issue similar Order to the Power Utilities and Government Departments for reduction in value of performance security from 5-10% to 3% in Government tenders.

The above measures will provide significant relief to the Industry, easing their liquidity and working capital needs and help them tied over the difficult situation created by the pandemic and subsequent crisis.

We look forward to kind consideration of our above request.

Best Regards

Yours sincerely

Sunil Misra