



Indian Electrical & Electronics Manufacturer's Association  
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## Director General

SEC/REP/S/100

2<sup>nd</sup> May 2021

Dear Shri Dhal,

### Sub: IEEMA Request to:

- (i) **Replace EMD with Bid Security Declaration**
- (ii) **Reduce the Value of Performance Security from 5-10% to 3%**

**Ref: Open Tender Notification for Rate Contract for Supply of 12kV 10kA Distribution Class and Station Class-II Polymeric Lightning Arrester (Tender Enquiry No.: TPCODL/P&S/100000032/2020-21)**

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.

IEEMA members are participating in the tender of M/s TP Central Odisha Distribution Ltd. (TPCODL) for Supply of 12kV 10kA Distribution Class and Station Class-II Polymeric Lightning Arrester (Tender Enquiry No.: TPCODL/P&S/100000032/2020-21). The industry has reported that TPCODL is insisting for EMD and a performance security deposit of 10% for participating in the said tender.

We would like to submit that due to 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.

Keeping in mind the importance of this sector in sustaining the economic activity in the country and the above challenges being faced by Industry, Government of India, had announced following relief measures:

- (a) **Replacement of Bid Security / Earnest Money Deposit (EMD) with Bid Security Declaration** vide Office Memorandum No. F.9/4/2020-PPD, dated 12<sup>th</sup> November 2020, issued by Department of Expenditure, Ministry of Finance, Government of India (**copy attached as annexure 1**)

The above Order states that notwithstanding anything contained in Rule 171 of GFRs 2017 or any other Rule or any provision contained in the Procurement Manuals, no provisions regarding Bid Security should, be kept in the Bid Documents in future and only provision for



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Bid Security Declaration should be kept in the Bid Documents. Again, the said instructions will be applicable to all the tenders issued till 31.12.2021, for all kinds of procurements viz. Goods, Consultancy, Works, Non-Consulting Services etc. and are issued under Rule 6(1) of the GFRs 2017.

- (b) **Reduction in Value of Performance Security in Government Tenders from existing 5-10% to 3% of the value of the contract** vide Office Memorandum No. F.9/4/2020-PPD, dated 12<sup>th</sup> November 2020, issued by Department of Expenditure, Ministry of Finance, Government of India (**copy attached as annexure 2**)

The above Order states that all Government Departments / Public Enterprises / Central Public Sector Undertakings etc. were advised 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 was 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 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.

**The Government of Odisha has already issued its own Orders and implemented the aforesaid Orders of the Government of India. A copy of the Office Memorandum no. 8943/F, FIN/COD/ MISC / 0007-2019 of Ministry of Finance, Government of Odisha, dated 18th March 2021, for replacement of Bid Security / Earnest Money Deposit (EMD) with Bid Security Declaration, is attached for your ready reference as annexure 3.**

**Another copy of the Office Memorandum no. 8952/F, FIN/COD/ MISC / 0007-2019 of Ministry of Finance, Government of Odisha, dated 18th March 2021, for reduction in valuation of percentage from 5-10% to 3%, is attached for your ready reference as annexure 4.**

**We request TP Central Odisha Distribution Ltd. to revise the said tender for supply of 12kV 10kA Distribution Class and Station Class-II Polymeric Lightning Arrester (Tender Enquiry No.: TPCODL/P&S/100000032/2020-21), in order to implement replacement of Bid Security/ Earnest Money Deposit (EMD) with Bid Security Declaration and also reduce the percentage of performance security from 10% to 3%, in compliance to the OMs of the Department of Expenditure, Government of India and the Ministry of Finance, the Government of Odisha.**



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The above measures will provide significant relief to the contractors and suppliers, 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

**Shri Nikunja Bihari Dhal**  
**Chairman**  
**TP Central Odisha Distribution Ltd.**