



GOVERNMENT OF KERALA

Abstract

Finance Department – Covid - 19 pandemic - Relaxing the requirements of performance Security /Security Deposit, Bid Security/Earnest Money Deposit and Additional Performance Guarantee for the execution of public works in the State - Orders issued

FINANCE (INDUSTRIES & PUBLIC WORKS - B) DEPARTMENT

G.O.(P) No.7/2021/Fin.

Dated, Thiruvananthapuram, 07.01.2021

- Read :-
- 1) G.O.(P) No.429/2015/Fin dated 28.09.2015
 - 2) G.O.(P) No. 01/2019 /Fin dated 10.01.2019
 - 3) G.O.(P) No.168/2019/Fin dated 07.12.2019
 - 4) OM No. F 18/4/2020 - PPD dated 13.05.2020
 - 5) OM No. F 9/4/2020 - PPD dated 12.11.2020
 - 6) Circular No.62/2020/Fin dated 27/10/2020

ORDER

As per the Government Order read as 1st paper above, It was ordered that, Performance Guarantee , the amount collected at the time of executing contract agreement will be 5% of the Contract Value (Agreed PAC) and the deposit will be retained till the expiry of Defect Liability Period. Atleast 50% of this deposit shall be collected in the form of Treasury Fixed Deposit and rest in the form of Bank Guarantee or any other forms prescribed in the revised PWD Manual. As per this Government Order, Additional Performance Guarantee is the additional amount to be deposited for unbalanced price ie, for works quoted below estimate rate. Additional Performance Guarantee will be required if works quoted between 11% to 25% below estimate rate. Government Order read as 2nd paper above says that , if the quoted amount of the lowest bidder (L1) is x% below the estimated PAC, the Additional Performance Guarantee shall be (x-10)% of estimated PAC. Subsequent to this Order, clarifications were issued regarding calculation of Additional Performance Guarantee for percentage

rate contracts and item rate contracts vide the Government Order read as 3rd paper above.

2) On account of slow down in economy and acute financial crunch among the contractors due to COVID-19 pandemic, Government of India issued following guidelines vide Office Memoranda read as 4th and 5th papers above and State Governments were requested to consider issuing similar instructions in respect of procurement by the State Government, by State Government Public Undertakings, Local Bodies and all agencies controlled by them.

i) Reduction in Performance Security from existing 5-10% to 3% of the value of the contract.

ii) No provisions regarding Bid Security should be kept in the Bid Documents in future and only provisions for Bid Security Declaration should be kept in the Bid Documents.

iii) No provision should be kept in the Bid Documents regarding Additional Security Deposit/Bank Guarantee (BG) in case of Abnormally Low Bids.

3. As per the Circular read as 6th paper above, it was ordered that the Additional Performance Guarantee may be released in proportion of successful completion of items having low rates. Several contractors and Associations submitted representations requesting to extend the benefits covered by the relief measures announced by the Government of India to the State Government Contractors also.

4. Government have examined the matter in detail and are pleased to order as follows.

1) Performance Security / Security Deposit to be submitted at the time of executing the agreement is reduced from the existing rate of 5% to 3% of the contract amount.

2) Correspondingly Bid Security / Earnest Money Deposit is reduced from 2.50% to 1.50% of the estimated amount.

3) Additional Performance Guarantee is waived for the low quoted items on the condition that the bidder shall furnish an undertaking to execute all low quoted items in full as per contract terms.

5. The above relaxations on account of COVID -19 pandemic are made applicable for works initially for one year and would be reviewed post that date.

6. This Government Order is made applicable to all new tenders as well as works which have been tendered and awarded, but agreements have not been signed by the winning bidder.

**By Order of the Governor,
RAJESH KUMAR SINGH
ADDITIONAL CHIEF SECRETARY(Finance)**

To

The Accountant General (A&E) Kerala, Thiruvananthapuram
The Accountant General (Audit II) Kerala, Thiruvananthapuram
All Heads of Departments and Offices
The Secretary to Governor
All Departments of Secretariat
All Private Secretaries to Ministers
Private Secretary to Chief Minister
Private Secretary to the Leader of Opposition
All Secretaries to Government
General Administration (SC) Department (Vide Item No. 4467 dated 06/01/2021)
The Registrar, High Court of Kerala
The Secretary, Kerala Human Rights Commission, Thiruvananthapuram
The Election Commissioner, State Election Commission, Thiruvananthapuram
The Registrar, University of Kerala/Cochin/Kozhikode/Kottayam
The Nodal Officer, www.finance.kerala.gov.in
Stock file/Office Copy (E-1633771)

Forwarded/By Order

Lathika

Section Officer