

**No. 4(3)/D(Acq)/22
Government of India
Ministry of Defence
Department of Defence
[Acquisition Wing Secretariat]**

**South Block, New Delhi-110011
Dated 28.02.2022**

OFFICE ORDER

Sub: Performance Security –regarding.

Ref.: (i) Ministry of Finance OM No. F.9/4/2020-PPD dtd. 30th Dec 2021. (Copy enclosed).

(ii) MoD Office Order No.4(4)/D(Acq)/20 dtd. 21.01.2021 & 14.01.2022.

MoF vide their OM dated 12.11.2020 conveyed instructions on reduction of Performance Security from existing 5-10% to 3% of the value of the contract in certain cases/conditions. This was applicable for RFPs issued and contracts concluded from 12 Nov 2020 till 31-12-2021. Now MoF, vide their OM dated 30th Dec 2021, have extended validity of the above instructions from existing 31.12.2021 to 31.03.2023.

2. The procedure for implementation of the above order in respect of Capital Acquisition cases is as follows:

(a) PWBG will be reduced from existing 5-10% to 3% of the value of the contract for all existing contracts by issuing letters to the vendors except the contracts under dispute wherein arbitration/court proceedings have been already started or are contemplated.

(b) In all contracts where PWBG has been reduced to 3% in view of above stipulations, the reduced percentage of PWBG shall continue for the entire duration of the contract and there will be no subsequent increase of PWBG even beyond 31.03.2023.

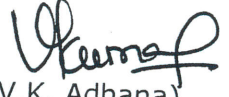
(c) All RFPs issued and contracts concluded from 12 Nov 2020 till 31 Mar 2023 will have the provision of reduced PWBG of 3% of the value of the contract. In case of RFPs issued after 12 Nov 2020 with a 5-10% performance Guarantee, corrigendum will be issued for reducing it to 3%.

(d) All RFP issuing and post contract management authorities will ensure that all Vendors with respect to Capital Acquisition cases are informed about the above.

3. Wherever, there is compelling circumstances to ask for PWBG in excess of three percent as stipulated above, the same should be done only with the approval of next higher authority to the authority competent to finalise the particular RFP or the Secretary of the Department, whichever is lower. Specific reasons justifying the exception shall be recorded.

Contd./-

4. This issues with the concurrence of FA(DS) vide MoD (Fin) RF No. 25(06)2020-ND dated 17 Feb 2022 and the approval of Hon'ble Raksha Mantri.


(V.K. Adhana)
Director(Acq)
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