भारत सरकार Government of India

रेल मंत्रालय Ministry of Railways

रेलवे बोर्ड Railway Board

No. 2020/CE-I/CT/3E/GCC/Policy Dated: 20.11.2020

To,
As per list attached

Sub: - Indian Railways Standard General Conditions of Contract, July 2020 (Advance Correction Slip No. 1)

Ref: - Ministry of Finance's OM No. F.9/4/2020-PPD, dated 12.11.2020 titled 'Additional Performance Security in case of Abnormally Low Bids (ALBs)'

1. Ministry of Finance vide above referred OM, dated 12.11.2020, has instructed not to take additional performance security in abnormally low quoted bids unless there are compelling circumstances to ask for the same. A copy of the same is enclosed for compliance by all concerned.
2. As such, Clause No. 16(4)(h), Part II, of Indian Railways Standard General Conditions of Contract, July 2020 stands deleted.
3. The above shall be applicable in works contracts on Indian Railways with prospective effect.
4. This issues with the concurrence of the Finance Directorate of the Ministry of Railways.

DA: as above

Prem Sagar
20.11.20
(प्रेम सागर गुप्ता)
कार्यकारी निदेशक सिविल इंजी) .जी(/रेलवेबोर्ड
[Phone: 030-44803(Rly): 011-23383379(MTNL)]

No. 2020/CE-I/CT/3E/GCC/Policy **Dated: 20.11.2020**

Copy forwarded for information to:

1. The PFAs, all Indian Railways.
2. The Deputy Comptroller & Auditor General of India (Railways), Room No. 224, Rail Bhawan, New Delhi

For Financial Commissioner/Railways

LIST FOR DISTRIBUTION (No. 2020/CE-I/CT/3E/GCC/Policy Dt.: 20.11.2020)

1. General Managers, All Indian Railways & Production Units
2. General Manager (Con), N.F. Railway, Guwahati
3. General Manager /CORE, Allahabad
4. Chief Administrative Officers (Con), All Indian Railways (Except N.F. Railway)

5. Principal Chief Engineers, All Indian Railways

(A)

1. CAO, COFMOW, Tilak Bridge, New Delhi
2. Principal CAO, Diesel Loco Modernisation Works, Patiala (Punjab)
3. CAO (Workshop Projects), Chamber Bhawan, Judge's Court Road, Anta Ghat, Patna-800001, Bihar

(B)

1. Director General, RDSO, Manak Nagar, Lucknow
2. Director General, NAIR, Vadodara
3. Director, IRICEN, Pune – 411 001 (Maharashtra)
4. Director, IRIEEN, PB No.-233, Nasik Road-422101 (Maharashtra)
5. Director, IRISET, Taa Naka Road, Lalla Guda, Secunderabad-500017
6. Director, IRIMEE, Jamalpur Distt-Jamalpur, PIN-811214 (Bihar).
7. Director, IRITM, Sarswati Residential Estate, IRITM Campus, Manak Nagar, Lucknow

(C)

1. MD, CONCOR, Concor Bhawan, C-3, Mathura Road, Opp. Apollo Hospital, New Delhi-110076.
2. IRCON International Limited, C-4, District Centre, Saket, New Delhi- 110017
3. MD, RITES Ltd., RITES Bhawan, Plot No.1, Sector-29, Gurgaon.
4. CMD, RVNL, August Kranti Bhawan,Plot No.25, 1st Floor, Bhikaji Cama Place, New Delhi.
5. MD, MRVC Ltd., Churchgate Station Bldg, Mumbai- 400020
6. CMD, KONKAN Railway Corporation Ltd, Rail Bhawan, New Delhi-110001.
7. MD, DFCCIL, 5th Floor, Pragati Maidan Metro Station Building Complex, New Delhi-110001
8. MD, RLDA, Near Safdarjung Railway Station, Moti Bagh, Phase-I, New Delhi- 110021
9. MD, CRIS, Chanakyapur, New Delhi.
10. CMD, RailTel Corporation of India Ltd. Plot No. 143, Institutional Area, Sector-44, Gurgaon – 122003.
11. CME, IROAF, 12th Floor, Core-1, Scope Minar, Distt. Centre, Laxmi Nagar, Delhi-110092
12. Managing Director, IRFC Limited, UG Floor, EastTower, NBCC Place, Bhisham Pitamah Marg, LodhiRoad, Pragati Vihar, New Delhi.
13. CMD, IRCTC Ltd., B-148, 11th Floor, Statesman House, Barakhamba Road, New Delhi 110001
14. CMD, Braithwaite & Co. limited, 5 Hide Road Kolkata 700043.

Copy to:

(A)

1. General Secretary, IRCA, DRM Office, New Delhi.
2. General Secretary, AIRF, Rail Bhawan, New Delhi
3. General Secretary, NFIR, Rail Bhawan, New Delhi
4. General Secretary, IRPOF, Rail Bhawan, New Delhi
5. General Secretary, FROA, Rail Bhawan, New Delhi
6. General Secretary, AIRPA, Rail Bhawan, New Delhi

7. General Secretary, AISC & STREA, Rail Bhawan, New Delhi
8. The Secretary, RBSS, Group (A) Offices Association, Rail Bhawan
9. The Secretary, RBSS, Group (B) Offices Association, Rail Bhawan
10. General Secretary, RBSSS Association, Rail Bhawan
11. The Secretary, RBMSA, Rail Bhawan
12. The Secretary, Railway, Group (D) Employees Association, Rail Bhawan

(B)

1. Concerned PSO for kind information of Chairman cum CEO, M/Infra, M/T&RS, M/O&BD, M/Finance, Railway Board
2. Chief Vigilance Officers, All Indian Railways.
3. DG(RHS), DG(RPF), AM(CE), AM(Works), AM(B), AM(Elec.), AM(RS), AM(ME), AM/Tele, AM/C&IS, AM/Sig., AM(Plg.), AM/L&A, PED(B&S), PED(Vigilance), EDCE(G), PEDCE(P), EDTK(M&MC), EDCE(B&S), EDF(X)-I, EDF(X)-II, ED(Works), EDW(Plg.), ED/Project(Mon.), ED(L&A), ED(PSU), EDVE, ED(Safety), ED (Sig. Dev.), ED(Tele), EDRS(G), EDRE, EDEE(G), EDFE, EDE(N), ED(Accounts), ED/T&MPP, EDME(Chg.), EDME(Frt.), ED/Plg., JS(conf), JS(P), JS(G), JS(D), Vigilance-III, Vig(Conf) of Railway Board.

No. F.9/4/2020-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

512, Lok Nayak Bhawan, New Delhi
Dated the 12th November 2020

OFFICE MEMORANDUM

Subject: Additional Performance Security in case of Abnormally Low Bids (ALBs).

The Government is in receipt of many representations that on account of slowdown in economy due to the pandemic, there is acute financial crunch among many commercial entities and contractors, which in turn is affecting timely execution of the contracts. It has also been represented that this may affect the ability of contractors to bid in tenders and hence reduce competition. Requests are being received for reduction in quantum of Security Deposits in the Government contracts.

2. In this context, it is noted that Additional Performance Security in case of Abnormally Low Bids (ALBs) is being taken from the contractors by various Ministries/ Departments though there is no provision for the same in General Financial Rules (GFRs) 2017 or the Manuals for Procurement issued by this Department.

3. As per para 7.5.7 of the Manual for Procurement of Goods 2017 issued by this Department, a*n Abnormally Low Bid is one in which the bid price, in combination with other elements of the Bid, appears so low that it raises material concerns as to the capability of the bidder to perform the contract at the offered price. Procuring Entity may in such cases seek written clarifications from the bidder, including detailed price analyses of its bid price in relation to scope, schedule, allocation of risks and responsibilities, and any other requirements of the bids document. If, after evaluating the price analyses, Procuring Entity determines that the bidder has substantially failed to demonstrate its capability to deliver the contract at the offered price, the Procuring Entity may reject the bid/ proposal. However, it would not be advisable to fix a normative percentage below the estimated cost, which would be automatically be considered as an abnormally low bid. Due care should be taken while formulating the specifications at the time of preparation of bid document so as to have a safeguard against the submission of abnormally low bid from the bidder.*

4. In view of above, **it is reiterated that no provisions should be kept in the Bid Documents regarding Additional Security Deposit/ Bank Guarantee (BG) in case of Abnormally Low Bids.**

5. Wherever, there are compelling circumstances to ask for Additional Security Deposit/ Bank Guarantee (BG) in case of ALBs, the same should be taken only with

the approval of the next higher authority to the authority competent to finalise the particular tender, or the Secretary of the Ministry/ Department, whichever is lower.

6. These instructions will be applicable for all kinds of procurements viz. Goods, Consultancy, Works, non-consulting Services etc.

(Kotluru Narayana Reddy)
Deputy Secretary to the Govt. of India
Tel: 24621305
Email: kn.reddy@gov.in

To,

All the Secretaries and Financial Advisers to Government of India

Copy to: Secretary, Department of Public Enterprises with a request to issue the same instructions to Central Public Sector Undertakings (CPSUs).