

No.F.1/2/2023-PPD  
Government of India  
Ministry of Finance  
Department of Expenditure  
Procurement Policy Division

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513, Lok Nayak Bhavan,  
Khan Market, New Delhi,  
03.04.2023

**OFFICE MEMORANDUM**

**Subject: - Amendment in General Financial Rules, 2017 – Rule 171(i) Performance Security Regarding.**

Attention is invited towards Rule 171(i) of General Financial Rules, 2017 regarding Performance Security. It has been decided to amend the Rule 171(i) of GFRs, 2017 as under:

<b>Existing Rule</b>	<b>Revised Rule</b>
<b>Rule 171(i):</b> To ensure due performance of the contract, Performance Security is to be obtained from the successful bidder awarded the contract. Unlike contracts of Works and Plants, in case of contracts for goods, the need for the Performance Security depends on the market conditions and commercial practice for the particular kind of goods. Performance Security should be for an amount of <b>five to ten percent</b> of the value of the contract as specified in the bid documents. Performance Security may be furnished in the form of Insurance Surety Bonds, Account Payee Demand Draft, fixed Deposit Receipt from a Commercial bank, Bank Guarantee (including e-Bank Guarantee) from a Commercial bank or online payment in an acceptable form safeguarding the purchaser's interest in all respects.	<b>Rule 171(i):</b> To ensure due performance of the contract, Performance Security is to be obtained from the successful bidder awarded the contract. Unlike contracts of Works and Plants, in case of contracts for goods, the need for the Performance Security depends on the market conditions and commercial practice for the particular kind of goods. Performance Security should be for an amount of <b>three to ten per cent (3-10%)</b> of the value of the contract as specified in the bid documents. Performance Security may be furnished in the form of Insurance Surety Bonds, Account Payee Demand Draft, fixed Deposit Receipt from a Commercial bank, Bank Guarantee (including e-Bank Guarantee) from a Commercial bank or online payment in an acceptable form safeguarding the purchaser's interest in all respects.



2. Accordingly, amount of Performance Security will also stand modified from existing i.e. 5-10 % to 3-10 % at all places, including following paragraphs in the procurement manuals :

(i) Para 6.1.2 of Manuals for Procurement of Goods,

(ii) Para 6.2.6(iv)(a) of Manual for Procurement of Consultancy and Other Services.

3. Similarly, the amount of performance guarantee plus Security Deposit/ Retention Money as per Para No. 4.12 and 4.13 respectively of the Manual for Procurement of Works will of 3-10%.

4. This OM is also available on website of Department of Expenditure; [www.doe.gov.in](http://www.doe.gov.in) - > Notification -> Circular -> Procurement Policy OM. Hindi version of this OM will follows.

*Usha Rani*  
*03/04/2023*  
(Usha Rani)

Under Secretary(Procurement Policy)

Tel.24621304

email: [usha.rani64@gov.in](mailto:usha.rani64@gov.in)

To,

All the Secretaries and Financial Advisors to Government of India.