

**INDIAN COUNCIL OF AGRICULTURAL RESEARCH  
KRISHI BHAVAN: NEW DELHI**

F. No. FIN/22/01/2016-CDN (A&A)

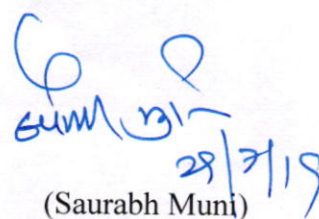
Dated the 29<sup>th</sup> July, 2019

**ENDORSEMENT**

**SUB: Proposal for dispensation from submitting bid security and to amend the Rule 170 (iii) of General Financial Rules (GFR) 2017- Request for data**

A copy of Ministry of Finance, O.M.No.1/14/2019 dated 15<sup>th</sup> July, 2019 regarding tenders floated by the Ministry/Department including organization i.e. attached/subordinate bodies & autonomous bodies wherein bid security was taken from the bidders has been uploaded on ICAR Web-Site [www.icar.org.in](http://www.icar.org.in) for information, guidance and necessary action.

All ICAR Institutes are requested to furnish the detail of bid security taken from the bidders as per Annexure "A" (enclosed) by today i.e. **29<sup>th</sup> July, 2019.**

  
(Saurabh Muni)

Finance & Accts. Officer

**Distribution :**

**I ICAR Research Institutes etc :**

1. Directors/Joint Directors/Project Directors of all Research Institutes/Project Directorates/National Research Centers and Bureaux.
2. Project Coordinators/Coordinated Research Projects/Zonal Project Directorates.
3. Finance & Accounts Officers of all Research Institutes/Project Directorates/National Research Centers and Bureaux.

**II ICAR Headquarters :**

1. All Officers/Sections, ICAR, Krishi Bhavan, New Delhi including Krishi Anusandhan Bhavan I & II, NASC, Pusa, New Delhi.
2. ND, NAHEP, Pusa, New Delhi
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4. Director (SD)
5. DS (GAC)/US (GAC)/GA Section for submission of information in respect of ICAR Hqrs.
6. Sr. PPS to Secretary, DARE & DG, ICAR/Sr.PPS to Additional Secretary, DARE & Secretary, ICAR/PPS to AS&FA, DARE/ICAR
7. In charge, ARIC, DKMA, KAB-I for placing the above Endorsement on ICAR Web-Site
8. Secretary (Staff Side), CJSC
9. Guard file
10. Spare copies (10).



No.F.1/14/2019-PPD  
Government of India  
Ministry of Finance  
Department of Expenditure  
Public Procurement Division  
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512, Lok Nayak Bhavan,  
New Delhi. Dated the 15<sup>th</sup> July, 2019.

**OFFICE MEMORANDUM**

**Subject : Proposal for dispensation from submitting bid security and to amend the Rule 170 (iii) of General Financial Rules (GFR) 2017 – Request for data.**

The undersigned is directed to forward a copy of D.O. letter No.131/SS&FA/2019 dated 28.06.2019 received from Ministry of Commerce & Industry (MoC&I) with a request to send data regarding tenders floated by your Ministry/ Department including organizations under your control i.e attached/ subordinate bodies & autonomous bodies wherein bid security was taken from the bidders as per Annexure 'A' (enclosed) by 31.07.2019.

Encl. As above.

*Kan Reddy*  
(Kotluru Narayana Reddy)  
Deputy Secretary to the Govt. of India  
Tel.No.2462 1305  
Email: kn.reddy@gov.in

To

Secretaries of all Central Government Ministries/ Departments  
Financial Advisors of all Central Government Ministries/ Departments

*Pl. circulate*

*CDN (A&A)*  
*22/7/19*

*10, CDN (A + A) - 16 put up.*  
*22/7/19*

*Shri Ashutosh*  
*24/7/19*

**Annexure 'A'**

**Details of bid securities available with tender issuing authorities as on  
30.06.2019**

| Sr. No. | Brief Particulars of the tender (number etc) | Amount of bid security from all bidders in the tender | Form of bid security (Draft/ cash/ BG etc.) |
|---------|--|---|---|
|         |  |   |   |
|         |  |   |   |





सत्यमेव जयते

D.O.No.131/SS&FA/2019

Dated the 28<sup>th</sup> June, 201

Dear Shri Murnu,

I write to draw your attention to the liquidity problems being face by the CPSUs on account of working capital blocked by way of issue of Earnest Money Deposit (EMD) under public procurement. Particularly and deeply affected are our manufacturing PSUs like Hindustan Machine Tool Ltd supplying critical equipment to organizations under Ministries of Railways and Defence among others.

2. The purpose of EMD is to dissuade non-serious bidders from participating in the tenders. It is apt to point out that all MSMEs and Start-ups (which are more likely to withdraw from tenders) have already been exempted from submitting EMD. It is recommended to consider similar dispensation for CPSUs. In fact, the requirement of EMD in public procurement should be dispensed with for all proven and established suppliers.

3. In this context, I may highlight that Rule 170(iii) of GFR 2017 has in fact been brought into force to reduce reckless use of EMDs. The Rule empowers a Ministry/Department for taking "Bid securing declarations" in lieu of "EMD" from the bidders. It states that "In place of a Bid security the Ministries/ Departments *may* require Bidders to sign a Bid security declaration accepting that if they withdraw or modify their Bids during the period of validity, or if they are awarded the contract and they fail to sign the contract, or to submit a performance security before the deadline defined in the request for bids document, they will be suspended for the period of time specified in the request for bids document from being eligible to submit Bids for contracts with the entity that invited the Bids. **In practice, Rule 170(iii) of GFR 2017 is not being incorporated in the tenders and EMD continues to be insisted upon in the tenders floated by various Organizations.** There is a strong case for making incorporation of Rule 170(iii) of GFR 2017 mandatory for which the word '*may*' therein needs to be replaced by '*shall*'. I would urge you to consider such a change in the GFRs. Alternatively, the CPSEs may be exempted altogether from submitting EMDs.

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01/07/19



4. In line with the spirit of GFRs, there is also a strong case for instructing all public procurement authorities to return EMDs to all such bidders who come forward to provide bid security declaration contemplated in GFR 170(iii) even if there was no such provision in the tender. Such a post tender offer should not be problematic, if it is made to **all** the bidders in a non-discriminatory manner. It is settled policy to allow benefits being extended even retrospectively while refraining from burdens being imposed retrospectively. I would urge you to consider issuing instructions to all Ministries/Departments for return of pending EMDs to all bidders agreeing to furnish bid security declarations. EMDs should also be returned if the contract is not finalised within a fixed period, say 30 days, of last date of submission of bids.

5. The above suggested measures would be a business-friendly move and ease the liquidity problems faced by the industry, especially our CPSE and they would be able to provide faster turnaround time to service the supply orders placed on them.

6. I am glad to inform that at my instance, Secretary DPIIT has decided to implement Rule 170(iii) GFRs, both prospectively and retrospectively. DPIIT and the SPVs and autonomous bodies under it will not henceforth insist on EMDs and will also initiate action to return EMDs currently held by them in respect of ALL bidders (not just CPSU bidders) who agree to abide by the alternative to EMD contemplated in Rule 170(iii) GFRs. The EMDs would be returned after 30 days of last date of submission.

*With warm regards*

Yours sincerely



(Dr. Subhash Chandra Pandey)

Shri G.C. Murmu,  
Secretary (Expenditure),  
Ministry of Finance,  
North Block, New Delhi