

9-2/2019-20-Fin
Government of India
Ministry of Communication
Department of Telecommunications
Sanchar Bhawan, New Delhi
(Finance Branch)


Dated: 24/10/2019

Subject: Business Facilitation through rationalization of the system of Earnest Money Deposit- ref. from DPIIT-reg.

Kindly find enclosed OM No. P-25020/13/2019-EODB Section dated 17th September 2019 and 11th September 2019 further forwarded by IP Cell, DoT HQ vide OM No. 16-01/2017-IP dated 30.09.2019 on the above cited subject for necessary action.

This issues with the approval of the Competent Authority.

Encl: As above


(R.C.Kumar)
ADG (Finance)
Tel: 23036290

To

1. Sr. PPS to the Secretary (T)
2. Sr. PPS to the Member (F)/Member (S)/Member (T)
3. Controller General of Communications Accounts
4. Director General (Telecom)
5. Sr. PPS to the Advisor (F)
6. Sr. PPS to the Additional Secretary (T)
7. Sr. PPS to the Administrator, USOF
8. PS to Jt. Secretary (A)/Jt. Secretary (T)
9. All Sr. DDG DoT HQ/TEC/NTIPRIT New Delhi.
10. Director General, NICF.
11. All DDG in DoT HQ
12. All Principal Controllers/Controllers of Communications Accounts in DoT
13. All Heads of LSAs
14. Under Secretary (SEA) for uploading on DoT Website/Guard file.

425639M/F
4/c

File No.16-01/2017-IP

Government of India
Ministry of Communications
Department of Telecommunications
(Investment Promotion Cell)

Dated: 30/09/2019

OFFICE MEMORANDUM

Subject: Business Facilitation through rationalization of the system of Earnest Money Deposit – ref. from DPIIT– reg.

The undersigned is directed to forward herewith the OM no. 25020/13/2019-EODB dated 17.09.2019 received from DPIIT on the above subject for action as deemed appropriate.

Validity

unknown (dwivedi)
Digitally signed by RAHUL DWIVEDI
Date: 2019.09.30 12:42:11 IST

ADG(F)

Adviser. Imp.

Manoj
7.10.2019

To

Member (F), DoT

Copy to:

- (i) Wireless Advisor, DoT
- (ii) DDG(C&A), DoT
- (iii) DDG(IT), DoT

A. S. 19

ADG(F)

DDG(FIP)

(R)
2019

- on tour

Director (FIP)

A. S.
19/10

Acto (FIP)

Discused
Wageesh

07/10/19

DDG (Finance)

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Government of India
Ministry of Commerce and Industry
Department for Promotion of Industry & Internal Trade
EODB Section

Udyog Bhawan, New Delhi,
Dated: 17th September, 2019

OFFICE MEMORANDUM

Subject: Business Facilitation through rationalization of the system of Earnest Money Deposits.

The undersigned is directed to say that in the present public procurement system, bidders are required to submit Earnest Money Deposits (EMDs) along with their proposals. It is observed in some cases that the value of EMD is set at unreasonably high level or kept for a long duration by the tender inviting entity which leads to blocking of working capital of the bidders.

2. In recognition of the difficulties involved in the system, a provision for accepting Bid Security Declaration in lieu of EMDs was introduced under Rule 170 (ii) of the GFRs, 2017. With a view to simplify the system of EMDs in public procurement system in line with Rule 170 (iii) of the GFRs, 2017, an Order No. P-25020/13/2019-EODB dated 11th September, 2019 (copy enclosed) was issued by this Department.

3. It is requested that similar order may be issued by all the Ministries/Departments to encourage facilitation of business.

Encl.: As above.

Secretaries to all Ministries/Departments.

R. Mythili

(R. Mythili)

Under Secretary to the Govt. of India

Tel: 2306 3088

[Signature]
19/9/19

U/S (IP)
The subject matter is related to
Finance wing.
Please endorse to Finance wing.

SM/DK *24/9*

[Signature]
19/9/19

File No. P-25020/13/2019-EODB
Government of India
Ministry of Commerce and Industry
Department for Promotion of Industry & Internal Trade
EODB Section

Udyog Bhawan, New Delhi,
Dated: 11th September, 2019

ORDER

To,
All AS/JS level Officer in DPIIT.

Subject: Business Facilitation through rationalization of the system of Earnest Money Deposits.

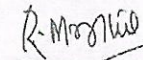
Attention of all the concerned is invited to Rule 170 (iii) of GFRs, 2017 concerning alternatives to Earnest Money Deposits (reproduced below).

Rule 170 (iii): In place of a Bid security, the Ministries/ Departments may require Bidders to sign a Bid securing 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.

2. With a view to facilitate businesses and minimize the blocking of working capital for bidders participating in public procurement, all concerned are hereby instructed to abide by the following:-

- (a) In all future tenders to be issued by the Department or its attached/subordinate officers or by the autonomous bodies and SPVs, the alternative to EMD contemplated in Rule 170(iii) must be clearly stipulated.
- (b) Acceptance of EMDs by way of digital payments should be encouraged.
- (c) The decision on all tenders should be taken expeditiously and in case decision is delayed beyond 30 days from the last date of receiving of bids, the EMDs should be returned to all the bidders.
- (d) Even in respect of existing tenders under finalization, an offer may be made to all the bidders to have their EMDs back after furnishing a Bid Security Declaration contemplated under Rule 170 (iii) of GFRs.

3. This issues with the approval of Secretary, DPIIT and concurrence of IF Wing, DPIIT.


(R. Mythili)

Under Secretary to the Govt. of India
Tel. No.: 2306 3088

-2-

Copy to:

1. Member Secretary, Tariff Commission, 7th Floor, Lok Nayak Bhawan, New Delhi-110003;
2. Salt Commissioner, Lavan Bhavan, 2-A, Lavan Marg, Jhalana Doongri, Jaipur-302004;
3. Controller General of Patents, Designs and Trade Marks, Boudhik Sampada Bhawan, Antop Hill, S.M. Road, Mumbai-400037;
4. Chief Controller of Explosives, Petroleum and Explosives Safety Organization (PESO), 5th Floor, A-Block, CGO Complex, Seminary Hills, Nagpur-440006;
5. Director, Central Pulp & Paper Research Institute (CPPRI), P.O. Box 174, Paper Mill Road, Himmat Nagar, Saharanpur-247001;
6. CEO & MD, Delhi Industrial Corridor Development Corporation Limited, Room No.341B, 3rd Floor, Hotel Ashok, Diplomatic Enclave, 50B Chanakyapuri, New Delhi-110021;
7. Director, Indian Rubber Manufacturers Research Association (IRMRA), Plot No. 254/1B, Road No.16V, Wagle Industrial Estate, Thane (West), Maharashtra-400604;
8. Technical Member and Head of Office, Intellectual Property Appellate Board (IPAB), Annex-I, Guna Complex, 2nd Floor, 443, Anna Salai, Teynampet, Chennai, Tamilnadu-600018;
9. Director General, National Council for Cement and Building Materials (NCCBM), 34KM Stone, New Mathura Road, Ballabgarh, Haryana-121004;
10. Director, National Institute of Design (NID), Paldi, Ahmedabad-380 007;
11. National Institute of Design, Amravati, Andhra Pradesh;
12. National Institute of Design, Bhopal, Madhya Pradesh;
13. National Institute of Design, Shankarpur, Jorhat-785007, Assam;
14. National Institute of Design, Umri, Kurukshetra- 136038, Haryana;
15. Director General, National Productivity Council (NPC), 5-6 Institutional Area, Utpadakra Bhawan, Lodhi Road, New Delhi-110003;
16. Secretary General, Quality Council of India (QCI), 2nd Floor, Institution of Engineers Building, Bahadurshah Zafar Marg, New Delhi-110002;



s/c

- Chapter – 2: Conditions of Contract.
Chapter – 3: Schedule of Requirements.
Chapter – 4: Specifications and allied Technical Details.
Chapter – 5: Price Schedule (to be utilised by the bidders for quoting their prices).
Chapter – 6: Contract Form.
Chapter – 7: Other Standard Forms, if any, to be utilised by the purchaser and the bidders.

Rule 169 Maintenance Contract. Depending on the cost and nature of the goods to be purchased, it may also be necessary to enter into maintenance contract(s) of suitable period either with the supplier of the goods or with any other competent firm, not necessarily the supplier of the subject goods. Such maintenance contracts are especially needed for sophisticated and costly equipment and machinery. It may, however, be kept in mind that the equipment or machinery is maintained free of charge by the supplier during its warranty period or such other extended periods as the contract terms may provide and the paid maintenance should commence only thereafter.

Rule 170 Bid Security

- (i) To safeguard against a bidder's withdrawing or altering its bid during the bid validity period in the case of advertised or limited tender enquiry, Bid Security (also known as Earnest Money) is to be obtained from the bidders except Micro and Small Enterprises (MSEs) as defined in MSE Procurement Policy issued by Department of Micro, Small and Medium Enterprises (MSME) or are registered with the Central Purchase Organisation or the concerned Ministry or Department. The bidders should be asked to furnish bid security along with their bids. Amount of bid security should ordinarily range between two percent to five percent of the estimated value of the goods to be procured. The amount of bid security should be determined accordingly by the Ministry or Department and indicated in the bidding documents. The bid security may be accepted in the form of Account Payee Demand

Draft, Fixed Deposit Receipt, Banker's Cheque or Bank Guarantee from any of the Commercial Banks or payment online in an acceptable form, safeguarding the purchaser's interest in all respects. The bid security is normally to remain valid for a period of forty-five days beyond the final bid validity period.

- (ii) Bid securities of the unsuccessful bidders should be returned to them at the earliest after expiry of the final bid validity and latest on or before the 30th day after the award of the contract.
- (iii) In place of a Bid security, the Ministries/ Departments may require Bidders to sign a Bid securing 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.

Rule 171 Performance Security

- (i) 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 five to ten per cent. of the value of the contract as specified in the bid documents. Performance Security may be furnished in the form of an Account Payee Demand Draft, Fixed Deposit Receipt from a Commercial bank, Bank Guarantee from a Commercial bank or online payment in an acceptable form safeguarding the purchaser's interest in all respects.
- (ii) Performance Security should remain valid for a period of sixty days beyond the date of completion of all