



Office of the,
Principal Chief Engineer
Western Railway HQ
Churchgate,
Mumbai-400 020

No. [WR-HQ0ENGG\(WWTC\)/9/2020](#)

Date: 06.01.2021

**CAO(S&C), PCSTE, PCEE, PCME, PFA
DRM - BCT, BRC, RTM, ADI, RJT & BVP
CWM - PL, PRTN, DHD, MX, BVP, EWS/SBI
CE(CPOH)/ADI, Dy.CE/Bridge - DDR, BRC & ADI**

Sub: Earnest Money Deposit, Performance Guarantee & Security Deposit

Ref: (i) Railway Board's letter No.2020/CE-I/CT/3E/GCC/Policy dated: 30.12.2020 (Copy enclosed)
(ii) Railway Board's letter No.2020/CE-I/CT/3E/GCC/Policy dated: 20.11.2020 (Copy enclosed)
(iii) Railway Board's letter No.2020/CE-I/CT/3E/GCC/Policy dated: 20.11.2020 - Advance Correction Slip No.1 (Copy enclosed)
(iv) Railway Board's letter No.2018/CE-I/C7/3E/GCC/Policy dated: 15.05.2020 - (Copy enclosed)

Railway Board has recently issued many policy letters related to Earnest Money Deposit, Performance Guarantee & Security Deposit. The various instructions issued by Railway Board regarding EMD, PG & SD are summarized as under:

1. Earnest Money Deposit

Bid Security Declaration is to be taken in lieu of Bid Security/Earnest Money Deposit except wherever there are compelling circumstances to ask for Bid Security/Earnest Money Deposit. Railway Board's letter under reference (i) may be referred for the detailed instruction.

The above instruction shall be followed for all Works & Service tenders on Indian Railways, published on or after 18:00hrs of 16.01.2021 and shall be valid for all the tenders issued till 31.12.2021 (including 31.12.2021).

2. Performance Guarantee

Performance Guarantee is reduced from 5% to 3% of the value of the existing contract for all existing contracts and for all tenders issued till 31.12.2021 subject to MOF's OM No. 9/4/2020/PPD dated: 12.11.2020. Railway Board's letter under reference (ii) may be referred for the detailed instruction.

The condition to take additional performance guarantee (as per Para No. 16(4)(h) of IRSGCC-2020) in abnormally low quoted bids unless there are compelling circumstances to ask for the same stand deleted from IRSGCC-2020. Railway Board's letter under reference (iii) may be referred for the detailed instruction

Railway may return the value of performance guarantee to the contractor/supplier as is proportional to the supplies made/contract work completed to the total contract value under the circumstances mentioned in MOF's OM No.F18/4/2020-PPD dated: 13.05.2020. Railway Board's letter under reference (iv) may be referred for the detailed instruction.

3. Security Deposit

The Security Deposit shall be 5% of the contract value. Security Deposit may be deposited by the Contractor before release of first on account bill in cash or Term Deposit Receipt issued from Scheduled Bank, or may be recovered at the rate of 6% of the bill amount till the full Security Deposit is recovered. Para No.16 (1) of IRSGCC-2020 may be referred for the detailed instruction.

This is for kind information and necessary action please.

(Dheeraj Kumar)
Chief Engineer (Works)

Copy to:-

1. PCE, CPD(SD) & CPD(BW) – For kind information.
2. CTE, CBE, CE(RSW), CE(PIg), CE(TMC), CE(SD), CE(G) – for information please.
3. Sr.DEN(Co)MMCT, BRC, RTM, ADI, RJT, BVP – For information and necessary action please.