No. 2003/CE-I/CT/4 Pt. New Delhi, dated 10.8.2010

As per list attached

Sub : Issues related to Performance Guarantee in Works Contracts.

Guidelines regarding procedure for obtaining Performance Guarantee in works contract were issued vide Para 1 of Railway Board's letter under reference. The same have been reviewed by Board and it has been decided to modify Para 1.a. of the letter as under:

"Para 1.a.: The successful bidder shall submit a Performance Guarantee (PG) in the form of an irrevocable Bank Guarantee amounting to 5% of the contract value. The value of PG to be submitted by the contractor will not change for variation up to 25% (either increase or decrease). In case during the course of execution, value of the contract increases by more than 25% of the original contract value, an additional Performance Guarantee amounting to 5% (five percent) for the excess value over the original contract value should be deposited by the contractor."

This issues with the concurrence of Finance Directorate of Ministry of Railways.

(Attention)

Copy forwarded for information to:
1. The FA & CAOs, All Indian Railways.
2. The Deputy Comptroller & Auditor General of India (Railways), Room No. 224, Rail Bhavan, New Delhi.