The General Managers,
All Indian Railways.

Sub: Tenders - Procedure for submission of Performance Guarantee.


It has come to the notice of the Board wherein Zonal Railways have not followed the extant procedure and instructions issued vide Board’s letter no. 2007/CE-I/CT/18/Pt.XII, dated 31.12.2010, as stipulated with regard to time limit for submission of Performance Guarantee by the contractor and works were carried on without contractor submitting the PG within 30 days and even upto 60 days with penalty.

The Zonal Railways have not strictly conformed to the provisions as per Clause 16(4) of GCC - Performance Guarantee (PG):

"The successful bidder shall have to submit a Performance Guarantee (PG) within 30 (thirty) days from the date of issue of Letter of Acceptance (LOA). Extension of time for submission of PG beyond 30 days and upto 60 days from the date of issue of LOA may be given by the Authority who is competent to sign the contract agreement. However, a penal interest of 15% per annum shall be charged for the delay beyond 30 days, i.e., from 31st day after the date of issue of LOA. In case the contractor fails to submit the requisite PG even after 60 days from the date of issue of LOA, the contract shall be terminated duly forfeiting EMD and other dues, if any payable against the contract. The failed contractor shall be debarred from participating in re-tender for the work."

Ministry of Railways have taken a serious view in the matter as the procedure followed by the Zonal Railways did not conform to the extant instructions. The instructions laid down are sufficiently elaborate and there should be no occasion for any lapse or failure to follow the prescribed procedure. The attention of all concerned should be drawn to standing orders in order to ensure that such instances do not occur in future.

(आलोक कुमार)
कार्यकारी विदेशक/सिविल इंजीनियरिंग(जी)/रेलवे बोर्ड