



PMC Cell – MM

## Oil and Natural Gas Corporation Ltd

Corporate Materials Management

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Circular No. 66/2020

No: MAT/PMC/13(49)/2020

Dated: 21.12.2020

**Sub: Reduction in value of Performance Security and Bid Security/Earnest Money in the tenders.**

- (i) Reference is invited to Circular No. 56/2020 dated 26.11.2020, wherein interalia reduction in Performance Security to 3% of the value of the contract is prescribed subject to provisions mentioned therein. It has also been stipulated that wherever, security deposit/performance security for warranty period is applicable, same shall be continued in existing contracts without any reduction.

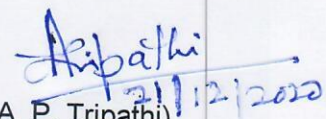
As per EPC decision, in partial modification to guidelines issued vide said circular, in case of LSTK contracts, Security Deposit / Performance Security amount for warranty period shall also be 3% of the value of the contract. Thus, Security Deposit / Performance Security amount shall be kept at 3% of the contract price and same to be kept valid till the completion of the post commissioning warranty period considering contract completion only after warranty period. This would be applicable to ongoing contracts and also to contracts which are yet to be awarded.

- (ii) In Circular No. 56/2020 dated 26.11.2020, it is also stipulated that Additional Performance bank guarantee towards fulfillment of conditions pertaining to Local contents in accordance with the value mentioned in the certificate of LC, as per PP-LC policy, shall continue to be sought as per existing provisions.

Further, vide Circular No. 61/2020 dated 03.12.2020, modifications to the Purchase Preference Policy (linked with Local Content) (PP-LC) were notified, wherein it is stipulated that the bidder shall have to submit additional Bank Guarantee equivalent to the amount of PBG. In order to have more clarity on amount of additional bank guarantee, the provisions issued vide Circular no. 61/2020 stand modified as per Annexure-1.

- (iii) As per Circular no. 56/2020, for all tenders issued/to be opened till 31.12.2021, notwithstanding any provision mentioned in IMM Manual/Tender booklets, No Bid security/Earnest money deposit will be sought from any bidder. It is clarified that these provisions shall be applicable only to tenders which are opened after the date of said circular i.e. on or after 27.11.2020.

Above guidelines should be meticulously followed by all concerned.

  
(A. P. Tripathi)  
ED-Chief MM Services

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*Handwritten:*  
2025/5/15

Annexure-1

Clause No.	Existing provision	Modified Provisions	
As appearing in Circular No. 61/2020 under different appendices	In pursuance of the clause No. .... above, towards fulfilment of conditions pertaining to Local Contents in accordance with the value mentioned in the certificate of LC, the bidder shall have to submit additional Bank Guarantee (format attached at Enclosure-B) <u>equivalent to the amount of PBG.</u>	In pursuance of the clause No. .... above, towards fulfilment of conditions pertaining to Local Contents in accordance with the value mentioned in the certificate of LC, the bidder shall have to submit additional Bank Guarantee (format attached at Enclosure-B) <u>for an amount of 10% of the contract value..</u>	Underlined portion of existing clause deleted. Underlined portion in modified clause added.

