

**GOVERNMENT OF ODISHA
FINANCE DEPARTMENT**

No 8943 /F

Dated 18.03.2021

FIN-COD-MISC-0007-2019

OFFICE MEMORANDUM

Sub: Bid Security / Earnest Money Deposit (EMD)

To safeguard against a bidder's withdrawing or altering its bid during the bid validity period, Bid Security (also known as Earnest Money Deposit) is obtained from bidders except those who are exempted from paying Bid Security as per para-21 of FDOM No 4939/F Dated 13.02.2012. Besides, the State Government have exempted Micro and Small Enterprises (MSEs) as defined in Odisha MSME Development Policy, 2016 and Start-ups as defined under Odisha Start-ups Policy, 2016 from payment of Bid Security while participating in tenders vide FDOM No 27928/F Dated 16.10.2020.

2. The State Government is in receipt of many representations that on account of slowdown in economy due to the pandemic, there is acute financial crunch among vendors, which in turn is affecting timely execution of the contracts. It has also been represented that this may affect the ability of vendors to bid in tenders and hence reduce competition. Besides, Government of India have made provision in Rule-171 of General Financial Rule, 2017 asking the bidders for executing a "**Bid Security Declaration**" in lieu of Bid Security with stipulation that if they withdraw or modify their bids during period of validity etc., they will be suspended for the time specified in the tender documents.

3. Considering the difficulties faced by the vendors and to facilitate competition in wake of slowdown of the economy due to Covid-19 pandemic, it is hereby decided that **no provisions regarding Bid Security should be kept in the Bid Documents and only provision for "Bid Security Declaration" should be kept.** Further, wherever, there are compelling circumstances to ask for Bid Security, the same should be done only with the approval of the next higher authority to the authority competent to finalize the tender.

4. These instructions shall be applicable for all kinds of procurements viz Goods, Consultancy, Non-consultation and Works.

5. These instructions shall be deemed to be a part of Odisha General Financial Rules.

6. Works Department shall make suitable amendment in the relevant provisions of OPWD Code.

7. The above instructions will be applicable for all the tenders issued till 31.12.2021.

By Order of Governor

Sd/-

Principal Secretary to Government