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66546/Manual/ 877 /E8

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All MES Formations
Through MES Website

**INTRODUCTION OF PERFORMANCE SECURITY, INCREASE IN DEFECT
LIABILITY PERIOD IN MES CONTRACTS AND ALLIED ASPECTS**

1. Approval of GOI, MoD has been received for the following:-
 - (a) Inclusion of Performance Security (PS) @ 5% of Contract Sum and removal of Risk and Cost provision in all MES Contracts (IAFW-2249 and IAFW - 1815-Z).
 - (b) Increase in Defects Liability Period (IAFW-2249).
2. With inclusion of Performance Security, the provision of Risk & Cost shall be done away with. Also provision of Additional Security Deposit and Individual Security Deposit shall be done away with.
3. The approved provisions have been forwarded to MoD for issue of Govt letter. The letter with implementation date shall be issued in due course.
4. Due to introduction of Performance Security wherein contractor has to commit funds for each work, requirements of immovable property is likely to be reviewed. Also for facilitating online registration of contractors, other requirements for enlistment are under review on the pattern of CPWD.
5. The above is for prior sensitization of the environment.


(Bhagirathi Pani)
Dir (Contracts)
For Engineer-in-chief