

OFFICE OF THE CGDA WEST BLOCK-V RK PURAM NEW DELHI
(PRINCIPAL IFA WING)

Instruction Order No. 5 of 2009

Dated 31/3/2009

No. PIFA/Policy/Navy

To

All PCsDA/CsDA/IFAs (Dedicated and Nominated)/ RTC

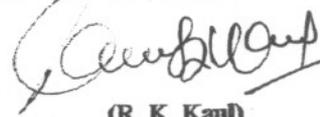
Subject:- Acceptance of cheques towards Earnest Money Deposit (EMD)

It has come to the notice of this HQrs that IFAs have been accepting cheques issued by firms towards EMD and are concurring RFPs and Contracts/ Supply Orders without incorporating Risk & Purchase Clause.

2. In this connection it is clarified that as per para 4.5 (i) of DPM 2006, Bid Security (EMD) may be accepted in the form of Account Payee Demand Draft, Fixed Deposit Receipt, Banker's Cheque or Bank Guarantee from any of the commercial banks in an acceptable form, safeguarding the purchaser's interest in all respects. Cheques issued by the firm are not an acceptable form of security and these also do not adequately protect government's interest due to high risk of default.

3. As per revised formulation of Chapter 7 of DPM, under review by MOD (Fin), Risk & Purchase clause has been included in the Special Condition of Contracts. As such the clause may be included in the RFP and the contract, wherever necessary.

Pr.IFA has seen.



(R. K. Kaul)
Sr. AO

Copy to:

1. JS & Addl. FA (A), MoD (Fin.) N. Delhi }
2. JS & Addl. FA (S), MoD (Fin) N. Delhi }
3. Jt. CGDA (AT-I) }
4. Jt.CGDA (AT-II) } - For kind information
5. Jt.CGDA(AT-III) }
6. Jt.CGDA (A&B) }
7. Jt.CGDA (Trg-I) }
8. Jt.CGDA (Trg-II) }
9. Sr. Dy.CGDA (EDPS) - with the request to place the circular on the website.
10. ADG FP Army HQrs, South Block New Delhi }
11. ACAS (Fin-P), Air HQrs Vayu Bhawan New Delhi } - For kind information
12. ACNS (P&P) Navy, NHQ, Sena Bhawan New Delhi }
13. DDG, Cost Guard, National Stadium, N. Delhi
14. Hindi Cell (Local) - For issuing Hindi version.

Sd/—
(R. K. Kaul)
Sr. AO