

J-17060/15/2011-SGSY II SP (PT)
Government of India
Ministry of Rural Development
Department of Rural Development
(Rural Skills Division)

124, Janpath, Thapar House, New Delhi
Date: 13th September, 2017

Notification No: 50/2017

Subject: Furnishing of 6.25% Performance Guarantee for a fresh project under Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY) - reg.

It is hereby notified that, henceforth, at the time of signing of MoU for a project under Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), including Roshni, Himayat, and in Sagar Mala projects, a Project Implementation Agency (PIA) shall have to provide a Performance Guarantee from Bank for a minimum value of 6.25% of the total approved cost of the project or for any such higher value as prescribed by the State Government for a project in that State. The PIA shall ensure that the Performance Guarantee from Bank shall be valid for a period starting on/before the date of MoU signing till One Hundred and Eighty (180) days after the end of approved duration of the project. The Performance Guarantee shall be irrevocable and unconditional. Any type of Government funds which have been given to a PIA for a DDU-GKY project cannot be used as a margin/collateral for Performance Guarantee. Any costs relating to Performance Guarantee from a Bank will have to be borne by PIA.

2. Ministry has introduced Performance Guarantee for DDU-GKY projects with an objective to ensure an assurance to the Government in the event of inadequate or delayed performance or a violation of Guidelines and protocols by a PIA in a DDU-GKY Project. While a bank may not be required to ensure performance by a PIA, a Performance Guarantee from Bank merely guarantees that if the Project Implementing Agency (PIA) fails to perform Bank will be liable to pay the agreed guarantee money to the State. In assessment of PIAs performance the decision of State Rural Livelihoods Mission/ State Skills Development Mission shall be the final decision for invoking a Performance Guarantee. However, State shall be required to issue a notice to the PIA and provide for a hearing to the PIA before such a decision is taken by the State Rural Livelihoods Mission/ State Skills Development Mission.

3. For all purposes of Performance Guarantee under DDU-GKY, the following terms and roles shall apply:

Applicant -Applicant Project Implementing Agency or Lead Financial partner in a consortium, which will request a bank to issue a Performance Guarantee.

Beneficiary - State Rural Livelihoods Mission /State Skill Development Mission designated to administer DDU-GKY in the State, and in whose favor a Performance Guarantee shall be opened, and who has the final right to invoke the Guarantee. In case of projects in UT/Year Program States, where a designated authority is not specified for the project, beneficiary shall be Ministry of Rural Development.

Guarantor / Surety / bank - A Bank that issues a letter of Guarantee at the request of PIA.

4. This Issues with the approval of Empowered Committee for NRLM in the Ministry of Rural Development.



(S. B. Tiwari)

Under Secretary to the Government of India

Tel: 23743627

To:

1. Pr. Secretary/Secretary, Rural Development/Skill Development (All States/UTs)
2. SRLM/State Skill Development Missions
3. CEO/Authorized persons of all PIA's
4. DG,NIRD
5. VP,NABCONS
6. All Officials in Rural Skills Division
7. Shri Rabindra Keshari- for uploading on the Website