GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION No. 153

ANSWERED ON MONDAY, 20 JULY, 2026/ASHADHA 29, 1948 (SAKA)

Implementation of Insurance Surety Bonds by States

153. SHRI SANJAY HARIBHAU JADHAV:

Will the Minister of FINANCE be pleased to state:

(a) whether the Government is aware that Chhattisgarh, Gujarat, and Maharashtra have not amended their financial rules to accept Insurance Surety Bonds (ISBs) despite OM dated 02.02.2022 amending Rules 170(i) and 171(i) of General Financial Rules (GFR) 2017, if so, the details thereof;

(b) whether non-acceptance of ISBs by these States restricts participation of small contractors due to working capital blockage under Bank Guarantees, if so, the details thereof;

(c) whether any advisories have been issued to these States to align procurement frameworks with the Central Government and Punjab model for Ease of Doing Business, if so, the details thereof; and

(d) whether a timeline has been stipulated for these States to update rules, or the period until which deviation from the central GFR mandate is permitted and if so, the details thereof?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) to (d): Rule 1 of the General Financial Rules (GFR), 2017 provides that the GFR, 2017 shall apply to all Central Government Ministries/Departments and their attached and subordinate bodies. Accordingly, the OM dated 02.02.2022, whereby Rules 170(i) and 171(i) of the GFR, 2017 were amended to include Insurance Surety Bonds (ISBs) as one of the acceptable forms of Bid Security and Performance Security, is applicable only to the entities covered under the GFR, 2017 and is therefore not applicable to State Governments.

However, a letter dated 08.05.2026 has been sent to Chief Secretaries of all States to promote adoption of ISBs.

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