

The Kolkata Municipal Corporation
Municipal Commissioner's Office
Central Municipal Office Buildings
5, S.N. Banerjee Road
Kolkata – 700 013

Dated: 07/05/2018

Municipal Commissioner's Circular No. 24 of 2018-19

Sub: Additional Performance Security

It has been observed that in some works bids have been received at much lower rate in comparison with the estimated amount put to tender, which leads to a doubt regarding the quality and proper execution of the work for which such bids have been received.

To safeguard the interest of the KMC, it is decided by the KMC authority to introduce Additional Performance Security for the cases as mentioned below:-

The Additional Performance Security equivalent to 10% of the tendered amount shall be obtained from the successful bidder, if the accepted bid value is more than 20% less than the estimated amount put to tender, from the successful bidder.

The Additional Performance Security shall be submitted in the form of Bank Guarantee from any Scheduled Bank as per enclosed format before issuance of Work Order. If the bidder fails to submit the Additional Performance Security within seven working days from the date of issuance of Letter of Acceptance, his earnest money will be forfeited.

The said Bank Guarantee shall be valid up to the end of the Contract Period and shall be renewed accordingly, if required. The said Bank Guarantee shall be returned immediately after successful completion of the Contract.

If the bidder fails to complete the work successfully, the Additional Performance Security shall be forfeited at any time during the pendency of the Contract period after serving proper notice to the Contractor.

Necessary provisions regarding deduction of security deposit from the progressive bills of the contractor as per relevant clauses of the contract will in no way affected / altered by this Additional Performance Security.

Henceforth necessary provision shall be incorporated in all Notice Inviting Tenders and should be a part of the Contract Agreement.

This order will take immediate effect.

This is issued as per approval of the Hon'ble Mayor vide order dated 07/05/2018.

MUNICIPAL COMMISSIONER


Municipal Commissioner
The Kolkata Municipal Corporation

Distribution:

1. OSD to Hon'ble Mayor
2. P.A. to Hon'ble MMICs (All)
3. Spl. Mpl. Commissioner (Rev. & Supply)
4. Spl. Mpl. Commissioner (G&D)
5. CMA
6. CMF&A
7. Municipal Secretary
8. All DGs / Controlling Officers
9. All Heads of the Departments

FORMAT OF THE BANK GUARANTEE FOR ADDITIONAL PERFORMANCE
SECURITY DEPOSIT

To

-----[Designation of Engineer – In – Charge]

-----[Office address of Engineer – In – Charge]

WHEREAS [name and address of Contractor] (hereafter called

"the Contractor") has undertaken, in pursuance of Contract No:

dated to execute [name of Contract and brief description of Works] (hereinafter called "the Contract").

AND WHEREAS it has been stipulated by you in the said Contract that the Contractor shall furnish you with a Bank Guarantee by a Scheduled commercial bank for the sum specified therein for 'ADDITIONAL PERFORMANCE SECURITY DEPOSIT' for compliance with his obligation in accordance with the Contract;

AND WHEREAS we (Indicate the name of the bank & branch) have agreed to give the Contractor such a Bank Guarantee:

NOW THEREFORE we (Indicate the name of the bank & branch) hereby affirm that we are the Guarantor and responsible to you on behalf of the Contractor, upto a total of Rs. [amount of guarantee]

(in words). We undertake to pay you, upon your first written demand and without cavil or argument, a sum within the limits of

[amount of guarantee] as aforesaid without your needing to prove or to show grounds or reasons for your demand for the sum specified therein.

We (Indicate the name of the bank & branch) hereby waive the necessity of your demanding the said debt from the contractor before presenting us with the demand.

We (Indicate the name of the bank & branch) further agree to pay to you any money so demanded notwithstanding any dispute or disputes raised by the contractor(s) in any suit or proceeding pending before any court or Tribunal relating thereto, our liability under this present absolute and unequivocal.

