

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

**Mpl. Commissioner's Circular No .....<sup>48</sup>.....of 2020-2021 dated:.....<sup>23.02.2021</sup>.....**

**Sub: Implementation of Notification No. 201- F(Y) Dated 18/01/2021 on reduced Performance Security @3%**

The functional departments are directed to implement the Notification No. 201- F(Y) dated 18/01/2021 of the Finance department, Audit Branch, Group T, Govt of WB, *mutatis mutandis* with respect to the points clarified by the said notification with respect to reduced Performance Security @3%

The copy of the relevant notification is appended for information.

*Be*  
*23/2/2021*  
**Mpl. Commissioner**

**Distribution**

1. Joint Municipal Commissioner (G/D/S)/ Joint Municipal Commissioner (R/S)
2. CMF&A
3. All Controlling Officers
4. Spl CMF&As
5. All Head of Departments

*Municipal Commissioner*  
*The Kolkata Municipal Corporation*

Government of West Bengal  
Finance Department  
Audit Branch, Group T,  
File No: 329975

No.201-F(Y)

Date: 18<sup>th</sup> January, 2021

MEMORANDUM

**Sub : Reduced Performance Security @ 3%**

As per existing Rules and provisions, Performance Security/Security Deposit is obtained from the successful bidder at the rate of ten percent of the value of the contract to ensure due performance of the contract.

- II. The Government of India has recently reduced the rate of Performance Security for all existing contracts as well for all tenders/contracts issued/concluded till 31.12.2021 from the existing 5-10% to 3% of the value of the contract on receipt of requests from different quarters for such reduction.
- III. In view of the above, it is decided that the performance security for all existing contracts or the contracts which will be entered into within 31.12.2021 shall be reduced to 3% from the existing 10%. However, the benefit of reduced Performance Security will not be given in the contracts under disputes wherein arbitration or court proceedings have already been started or are contemplated.
- IV. In all contracts where Performance Security will be reduced to 3% in view of above stipulations, the reduced rate of Performance Security shall continue for the entire duration of the contract and there should be no subsequent increase in Performance Security even beyond 31.12.2021. However there shall not be any further deduction of performance security from subsequent R A bills if deducted performance security already reached 3% or more of entire value of contract.
- V. Wherever there is compelling circumstances to ask for Performance Security in excess of 3% as stipulated above, the same should be done only with the approval of the next higher authority to the authority competent to enter into agreement for contract, or the Departmental Secretary. Specific reasons justifying the exception shall be recorded.
- VI. However, Additional Performance Security obtained from the bidders in terms of Memo No. 4608-F(Y) dated 18.07.2018 will remain unchanged.
- VII. **Notwithstanding what has been stated above, for cases where more than 3% performance security has already been obtained/deducted, refund of such excess amount is to be done only after the expiry of the Defect Liability Period under consideration.**

This order will take immediate effect.

  
Principal Secretary to the  
Government of West Bengal