

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

No.201-F(Y)

Date: 18th January, 2021

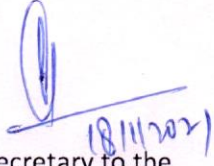
MEMORANDUM

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

Copy forwarded for information and necessary action to:

1. Principal Accountant General (A&E), West Bengal, Treasury Buildings, 2, Government Place West, Kolkata – 700001.
2. Principal Accountant General (Audit), West Bengal, Treasury Buildings, 2, Government Place West, Kolkata – 700001.
3. Accountant General (Receipt Works & Local Bodies Audit), West Bengal, CGO Complex, 3rd MSO Building, 5th Floor, Block DF, Sector I, Salt Lake, Kolkata – 700064.
4. Additional Chief Secretary / Principal Secretary / Secretary, _____ Department
5. Special Secretary/Additional Secretary/Commissioner/Joint Secretary/Deputy Secretary, Finance Department.
6. Financial Advisor, _____ Department.
7. Commissioner, _____ Division, _____
8. Director, _____
9. Director of Treasuries & Accounts, West Bengal, Mitra Building, 8, Lyons Range, 3rd Floor, Kolkata – 700001.
10. Pay & Accounts Officer, Kolkata Pay & Accounts Office-I, 81/2/2, Phears Lane, Kolkata – 700012.
11. Pay & Accounts Officer, Kolkata Pay & Accounts Office-II, P-1, Hyde Lane, Kolkata – 700073.
12. Pay & Accounts Officer, Kolkata Pay & Accounts Office-III, IB Market, 1st Floor, Block IB, Sector III, Salt Lake, Kolkata – 700106.
13. District Magistrate / District Judge / Superintendent of Police, _____
14. Sub-Divisional Officer, _____
15. Treasury Officer, _____
16. Block Development Officer, _____
17. Group ____ / _____ Branch, Finance Department.
18. Sri Sumit Mitra, Network Administrator, Finance (Budget) Department. He is requested to upload copy of this order in the website of Finance Department.


Deputy Secretary to the
Government of West Bengal