



Indian Electrical & Electronics Manufacturer's Association
 501, Kakad Chambers
 132, Dr. A. B. Road, Worli,
 Mumbai 400 018
 India
 P +91 22 2493 0532
 F +91 22 2493 2705
 E mumbai@ieema.org
 W www.ieema.org

Director General

SEC/REP/S/132

5th June 2021

Dear Shri Patel,

Sub: IEEMA Request to Reduce the Value of Performance Security to 3%

Indian Electrical & Electronics Manufacturers' Association (IEEMA), is the apex representative Association of electrical industry.

Some IEEMA members have reported that Adani Power Mumbai Ltd. has insisted for a performance security deposit of 10%, instead of 3%.

We would like to submit that due to slowdown in the economy on account of outbreak of deadly COVID-19 pandemic, there is an acute financial crunch among many commercial entities and contractors, which has affected the timely execution of the contracts. Further, this cash crunch has affected the ability of contractors to bid in tenders for healthy competition in the market.

Keeping in mind the importance of this sector in sustaining the economic activity in the country and the above challenges being faced by Industry, Government of India, had announced reduction in value of performance security from existing 5-10% to 3% of the value of the contract, vide Office Memorandum (OM) No. F.9/4/2020-PPD, dated 12th November 2020, issued by Department of Expenditure, Ministry of Finance, Government of India (*copy attached*).

This OM was issued to enhance the ability of contractors to bid in tenders and bring competition by bringing some liquidity in the hands of bidders. We feel that the terms of this OM of the Department of Expenditure, dated 12th November 2021, should be followed in letter and in spirit, by all buying agencies.

IEEMA requests Adani Electricity Mumbai Limited to revise all its existing and future contracts, whether of service or of supplies, in order to reduce the percentage of performance security to 3%, to extend this relief to the contractors.

Your above actions would make industry suppliers healthy, also keeping the interest of your utility in the long run, by way of increased competition and better prices for future supplies.

We look forward to kind consideration of our above request.

With Best Regards

Yours sincerely

Sunil Misra

Shri Kandarp Patel
Chief Executive Officer
Adani Electricity Mumbai Limited
Mumbai

good partners in implementation



HEAD OFFICE - DELHI
 Rishyamook Building, First Floor, 85 A, Panchkulan Road, New Delhi 110001
 P +91 11 2336 3013 / 14 • F +91 11 2336 3015 • E delhi@ieema.org • W www.ieema.org