

BANK GUARANTEE FOR SECURITY DEPOSIT

To

The President of India

Acting through.....

In consideration of the President of India, acting through (*name of concerned official 'beneficiary' to be mentioned*) (hereinafter referred to as the 'Government' which expression shall unless repugnant to the context or meaning thereof, include its successors in office and administrators) having agreed to exempt M/s (*mention the 'Supplier/contractor's name and address*) with its Registered/Head Office at (hereinafter referred to as the 'Supplier/Contractor', which expression shall unless repugnant to the context or meaning thereof, include its successors, administrators, executors and assigns), from the demand under the terms and conditions of an agreement dated..... made between the Supplier/Contractor and the Government under the Purchase Order/Letter of Acceptance No..... dated..... for the procurement of (*mention name and details of supply of material*) and the Contractor having agreed to provide a Security Deposit for the due fulfilment by the said Contractor/Supplier of the terms and conditions contained therein the said agreement on production of a Bank Guarantee for Rs.-----;

1. We, (mention Name and Address of the Bank) having its Registered Office at (hereinafter referred to as "the Bank", which expression shall, unless repugnant to the context or meaning thereof, include its successors, administrators, executors and assigns) at the request of (mention name and address of Contractor), do hereby undertake to pay the Government on demand any and all monies payable by the Contractor to the extent of Rs..... (mention the BG amount) as aforesaid at any time up to (mention the validity date) without any demur, reservation, contest, recourse or protest and/or without any reference to the Contractor. Any such demand made by the Government on the Bank shall be conclusive and binding notwithstanding any difference between the Government and the Contractor or any dispute pending before any Court, Tribunal, Arbitrator or any other authority. The Bank undertakes not to revoke this guarantee during its currency without previous consent of the Government and further agrees that the guarantee herein contained shall continue to be enforceable till the Government discharges this guarantee or till (mention the validity date) whichever is earlier.

2. The Government shall have the fullest liberty, without affecting in any way the liability of the Bank under this guarantee, from time to time to extend the time for performance of the contract by the Contractor. The Government shall have the fullest liberty, without affecting this guarantee, to postpone from time to

time the exercise of any powers vested in them or of any right which they might have against the Contractor, and to exercise the same at any time in any manner, and either to enforce or forbear to enforce any covenants, contained or implied, in the Contract between the Government and the Contractor or any other course or remedy or security available to the Government. The Bank shall not be released of its obligation under these presents by any exercise by the Government of its liberty with reference to the matters aforesaid or any of them or by reason of any other act or forbearance or other acts of omission or commission on part of the Government or any other indulgence shown by the Government or by any other matter or thing whatsoever, howsoever which under law would, but for this provision have the effect of relieving the Bank.

3. We (*indicate the name and address of the bank*) do hereby undertake to pay the amounts due and payable under this guarantee without any demur, merely on a demand from the Government stating that the amount claimed is due by way of loss or damage caused to or would be caused to or suffered by the Government by reason of breach by the said contractor(s) of any of the terms or conditions contained in the said Agreement or by reason of the Contractor(s) failure to perform the said Agreement. Any such demand made on the bank shall be conclusive as regards the amount due and payable by the Bank under this guarantee. However, our liability under this

guarantee shall be restricted to an amount not exceeding Rs.....

4. We (*indicate the name and address of the bank*) undertake to pay to the Government any money so demanded notwithstanding any dispute or disputes raised by the Contractor in any suite or proceeding pending before any court or Tribunal relating thereto, our liability under this present being absolute and unequivocal. The payment so made by us under this bond shall be a valid discharge of our liability for payment thereunder and the contractor shall have no claim against us for making such payment

5. We, (*indicate the name and address of the bank*) further agree that the guarantee herein contained shall remain in full force and effect during the period that would be taken for the performance of the said Agreement and that it shall continue to be enforceable till all the dues of the Government under or by virtue of the said Agreement have been fully paid and its claims satisfied or discharged or till the Government/the (*mention the name of competent authority*) certifies that the terms and conditions of the said Agreement have been fully and properly carried out by the said Contractor and accordingly discharges this guarantee. Unless a demand or claim under this guarantee is made on us in writing on or before the _____ (*mention the validity date/claim period, if any as the case may be*), we shall be discharged from all liability under this guarantee thereafter.

6. We (*indicate the name and address of the bank*) further agree with the government that the Government shall have the fullest liberty without our consent and without affecting in any manner our obligations hereunder to vary any of the terms and conditions of the said Agreement, or to extend time of performance by the said Contractor from time to time or to postpone for any time or from time to time any of the powers exercisable by the Government against the said Contractor(s) and forbear or enforce any of the terms and conditions relating to the said agreement and we shall not be relieved from our liability by reason of any such variation, or extension being granted to the said Contractor(s) or for any forbearance, act or omission on the part of the Government or any indulgence by the Government to the said Contractor(s) or any such matter or thing whatsoever which under the law relating to sureties would, but for this provision, have effect of so relieving us.

7. This guarantee will not be discharged due to the change in the constitution of the Bank or of the Contractor.

8. We, (*indicate the name and address of the bank*) lastly undertake not to revoke this guarantee during its currency except with the previous consent of the Government in writing.

Note:

Notwithstanding anything herein contained, our liability under this Guarantee:

- i) Shall be unconditional and irrevocable;
- ii) limited to a sum of Rs. (mention guarantee amount both in figure and words).
- iii) The validity of this guarantee shall be available upto (mention the date of validity)
- iv) We are liable to pay the guaranteed amount or any part thereof under this Bank Guarantee only and only if the Government serves upon the Bank a written claim or demand on or before (mention the validity date/claim period, if any as the case may be).

Dated this the..... day of 202..

Signature of
Authorised Signatory
Name, Designation & Seal

Signature of
Authorised Signatory
Name, Designation & Seal

(Bank Seal)

Witness 1 : Signature, Name and Address

Witness 2 : Signature, Name and Address

Note:

1. The performance BG shall be executed on a non-judicial stamp paper of appropriate value in accordance with the Stamp Act of the State jurisdiction where the BG is executed.
2. The date of purchase of the non-judicial stamp paper shall invariably be on or prior to the date of execution of the BG.
3. The BG shall invariably be in favour of President of India, acting through the competent official of the Department.
4. BG value exceeding Rs.50,000/- shall be executed by two authorized Bank Officials duly affixing their name, designation and the Bank seal.
5. The BG number and date of issue shall invariably be mentioned in each pages of the BG with due pagination. Each pages of the BG shall be signed by the authorized Bank Officials duly affixing their name, designation and the Bank seal.
6. Signatures of two witnesses with name and full address shall be obtained on the last page of the BG.
7. Corrections and manuscripts in the BG shall be countersigned by the executants.
8. Wherever there is a period of written claim, in addition to the validity date, such may be mentioned appropriately.
