

SOUTHERN RAILWAY

Headquarters Office,
Law Branch,
4th Floor, Moor Market Complex,
Park Town, Chennai 600 003.

No.: C.356/Genl/Law/2026/BG

Dated, 27th April, 2026

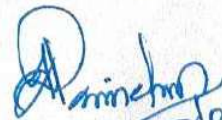
PCE, PCEE, PCME, PCSTE, PCMM,
PFA, PCCM, PCOM, PCPO, PCSC, PCMD,
CAO/CN/MS, CAO/CN/ERS,
DRM MAS, SA, PGT, TVC, MDU, TPJ,
CWM/CW/PER, CWM/LW/PER, CWM/GOC/TPJ,
CWM (S&T) PTJ, CE/EWS/AJJ, DY.CMM/RPM
DGM(G), ADGM.

Sub: Model form of Bank Guarantee Bond with instructions.

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AGM desired that a model form of Bank Guarantee Bond with detailed instructions be circulated amongst all the Departments for its uniform adoption. Keeping this in view, a model form of Bank Guarantee Bond in accordance to the format circulated by Railway Board vide letter No. Track/21/2007/0113/7/8/BG dated 15/02/2008, which is akin to the format issued by Reserve Bank of India, is prepared and circulated herewith, with instructions thereon as under, which may be followed invariably:

1. The above format may be included in the Tender Notifications for its uniform application.
2. The Departments shall insist the Contractor to obtain Bank Guarantee issued by any of the Nationalized / Scheduled Banks.
3. The Bank Guarantee Bonds shall be executed on a non-judicial stamp paper of appropriate value or by way of e-Stamp/franking, in accordance with the Stamp Act prevailing from time to time in the State/UT from which it is issued. The penalty, if any, on the deficient Stamp Duty paid shall be borne by the contractor.
4. Date of execution of Bank Guarantee Bonds shall not be prior to the date of purchase of the non-judicial stamp paper/e-Stamp/franking as the case may be. Any Bank


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Guarantee executed prior to the date of purchase of non-judicial stamp paper is invalid.

5. Stamp paper/e-Stamp shall be purchased in the name of either of the parties to the Bond i.e., Railway or the Bank/contractor concerned.

6. The beneficiary's name shall be correctly mentioned as "President of India", acting through the Principal Financial Advisor or the Financial Advisor & Chief Accounts Officer or Dy. Financial Advisor & Chief Accounts Officer or Sr. Divisional Financial Manager or Divisional Financial Manager, as the case may be.

7. As per extant Reserve Bank of India guidelines, Guarantees Bonds, exceeding Rs.50,000/- shall be executed by two authorized bank officials, whose name, designation and Employee Code shall be specifically appended thereto, duly affixing Bank seal.


8. Bank Guarantee Bond number with date of issue shall be appended on each pages of the Bond duly ensuring pagination.

9. Signatures of two witnesses with name and full address/credentials may be insisted upon to safeguard the interest of Railway administration.

10. Corrections and manuscripts in the Bank Guarantee Bonds shall be appropriately countersigned by the authorized bank officials, duly affixing the Bank seal, to avoid ambiguity.

11. The model form attached herewith may be followed for performance guarantee as well. However, specific model provided in portals like GeM shall be followed, if the tender is floated through the said portal. Any other prescribed model (*as in the case of RFP*) may be followed, as applicable, to the specific occasion.

12. Upon receipt of the Guarantee Bonds, the Departments shall invariably seek an independent confirmation as regards the genuineness of the Bank Guarantee Bonds from the appropriate Bank officials, as per letter No.2005/AC-II/25/19 dated 08/09/2005 (RBA No. 52/2005) issued by Accounts Directorate of Railway Board. Other instructions issued by vide the letter above shall strictly be adhered to. Factual accuracy mentioned in the Bonds shall also be ensured by the Department concerned.


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13. As in the case of original Bank Guarantees, the amendment/extension deeds thereto are also required to be executed on non-judicial stamp paper of appropriate value prevailing in the state / UT from which it is issued. Amendments/extension deeds shall be issued within the validity period given in the Original Guarantee Bonds.

14. Besides the above, Railway Board's extant instructions regarding online verification facility for Bank Guarantees through SFMS platform in IPAS circulated vide PFA/HQ's letter No. G25/HQ/MAZ/XC/2025-26 dated 12/01/2026 may be complied with.

15. Ordinarily, neither the Bank Guarantee Bonds nor amendments/extension deeds thereto are subjected to legal verification. However, in case of any ambiguity, such of the Bank Guarantee Bonds / amendments / extension bond thereto may be referred to the concerned Chief Law Assistants for verification with specify query, duly forwarding the Original Guarantee Bonds, accompanied by copies of Agreements or LOAs or POs, whichever is applicable, without any delay for verification. In case of amendments / extension deeds, the same shall be accompanied by copy of original BG/last amendment/extension deed. In case no Chief Law Assistant is attached with the Division/Unit, the same may be referred to the Law Officer concerned, duly ensuring its factual accuracy.

A copy of 'Information Capsule on Bank Guarantees' issued by the Vigilance Branch as part of Vigilance Awareness Week 2024 is also enclosed herewith for clarity and guidance please.


(K. P. HARIKRISHNAN)
Law Officer/HQ

Encl: As above.

Copy to: PS to AGM – For the kind information of AGM.
PS to SDGM – For the kind information of SDGM.

Copy to: Law Officer PB & Accts, HQ-II/CCO,
CAO/CN/MS & Engg., MAS & ED,
TPJ/GOC & MDU, SA & CN/ERS, TVC

CLA HQ/Law Br., CCO, SA, PGT, MDU, TPJ

MODEL FORM OF BANK GUARANTEE BOND

(To be issued on non-judicial stamp paper of appropriate value prevailing in the State / UT)

GUARANTEE BOND

Bank Guarantee No.:

Date of issue:

Amount:

Validity:

Claim date:

To:

The President of India,

Acting through

(insert details of Associate Financial Manager with full address)

Sub: **(insert details of the work)**

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In consideration of the **President of India**, acting through **(insert details of Associate Finance Manager)** (hereinafter called "the Government") having agreed to exempt M/s **(insert name and address of contractor)** (hereinafter called "the said Contractor(s)" / "Supplier(s)"), from the demand under the terms and conditions of an Agreement (or Letter of Acceptance or Purchase Order) No. dated..... made between **(insert details of authority who signed the Agreement / LOA / PO)** and the said Contractor for **(insert details of the work(s) / material(s) to be supplied)** (hereinafter called the said Agreement or Purchase Order or Letter of Acceptance), of Security Deposit for the due fulfilment by the said Contractor of the terms and conditions contained in the said Agreement / LoA / PO on production of a Bank Guarantee for Rs..... (Rupees only), We, **(insert name and address of the Bank)** (hereinafter referred to as "the Bank"), at the request of the said Contractor(s)/Supplier(s), do hereby undertake to pay to the Government an amount not exceeding Rs...../- (Rupees only) against any loss or damage caused to or suffered or would be caused to or suffered by the Government by reason of any breach by the said Contractor of any of the terms or conditions contained in the said Contract.

2. We,(*insert name 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 damages 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 and 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...../- (Rupees.....only).

3. We undertake to pay to the Government any money so demanded notwithstanding any dispute or disputes raised by the Contractor(s) / Supplier(s) in any suit or proceeding pending before any Court or Tribunal relating thereto, our liability under the 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(s) / Supplier(s) shall have no claim against us for making such payment.

4. We, (*insert name 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 (*insert details of appropriate authority / Department of Ministry of Railways*) certifies that the terms and conditions of the said Agreement have been fully and properly carried out by the said Contractor(s) / Supplier(s) and accordingly discharges this Guarantee. Unless a demand or claim under this Guarantee is made on us in writing on or before the (*date of validity / claim as the case may be*), we shall be discharged from all liability under this Guarantee thereafter.

5. We,(*insert name 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(s) 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 to 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.

6. This Guarantee will not be discharged due to the change in the constitution of the Bank or the Contractor(s)/Supplier(s).

7. We, (*insert the Name of the Bank*), lastly undertake not to revoke this Guarantee during its currency except with the previous consent of the Government in writing.

Notwithstanding anything hereinabove:

- a) Our liability under this Guarantee is limited to a sum of Rs...../- (Rupees only);
- b) The validity of this guarantee shall be available upto (*insert validity date*);
- c) 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 (*insert claim date*)

Dated, thisday of(month),..... (year)

(Signature(s) of Authorized signatories with name, designation and Employee Code and Bank Seal)

Witness (1):

Signature:

Name:

Address:

Witness (2):

Signature:

Name:

Address: