

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: