



OFFICE OF THE PRINCIPAL FINANCIAL ADVISOR  
WESTERN RAILWAY, CHURCHGATE, MUMBAI-400020

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No. HQ/EXP/Bank Guarantee/2024-25

Dt. 19.07.2024

~~Dt. 16.07.2024~~

All PHODs, All DRMs, All Sr DFMs & All other Accounting units.

Sub: Guidelines and procedures regarding Bank Guarantees (BGs)

In connection with the above subject, enclosed with this letter is detailed procedures and guidelines to be followed in respect of Bank Guarantees at the time of placing the tender and execution of contracts.

This may be widely circulated with instructions that the same has to be followed diligently with specific attention as to from which banks the BG/PBG/EMD/SD can be accepted.

Encl: As above

*Maadhur*  
Dy CAO (G) 19/7/24

## **Guidelines and procedures regarding Bank Guarantees (BGs)**

### **1.0 Introduction:**

Submissions of Bank Guarantees (BGs) towards various pre-contract and post-contract requirements have been allowed by Railway Board. The General Conditions of Contract has expanded the list of items against which submission of BGs has been allowed. Thus payments in form of BGs have been allowed / accepted under IR GCC / Rules towards:

- a) *Bid Security,*
- b) *Contract Performance i.e. Performance Guarantee*
- c) *Security Deposits*
- d) *Security towards various advances such as Mobilization Advance.*
- e) *Security for Payments against Material procured etc.*

1.1 Bank Guarantees (BGs) being Money Value Documents have to be dealt with extreme care and vigil. The provisions of obtaining, custody and maintenance of Bank Guarantees are governed by Para 1815-1816 of Indian Railway Accounts Code, Vol. I as well as various letters issued by Railway Board from time to time. In order to bring clarity in roles and responsibilities of Executive / Accounts offices and uniformity in dealing following Guidelines are issued.

1.2 This compilation in is an attempt to provide uniform guidelines regarding the procedures for:

- a) Receipt
- b) Verification and Acceptance,
- c) Custody,
- d) Invocation and
- e) Release of BGs.

### **2.0 FUNDAMENTAL REQUIREMENT:**

BGs issued by ***Scheduled Commercial Banks in India other than Cooperative Banks only shall be acceptable.*** Scheduled Commercial Banks are the commercial banks which are listed in the 2nd Schedule of the Reserve Bank of India Act, 1934. (Usually Public Sector Banks, Private Sector Banks, Foreign Banks operating in India). The up-to-date list of Scheduled Commercial Banks can be obtained from RBI website [www.rbi.org.in](http://www.rbi.org.in).

### **3.0 RECEIPT OF BGs:**

The BGs submitted by Contractors may be classified into following categories:

- a) Pre-Contract BGs: Bid Security, Performance Bank Guarantee etc.
- b) Post Contract BGs: Security Deposit, Security for Mobilisation advance, Advance against Material etc.

3.1 Except for the BGs towards Bid Security, which are submitted by the Bidders along with the Bids, all other BGs should be received by the concerned Executive in charge.

3.2 Performance Security BG (PBG) shall be received by Convener after issue of LoA and before signing of Contract Agreement. After due authentication from the issuer Bank, the same shall be handed over to the Finance for safe custody. BGs so received shall be part of duly vetted Contract Agreement.



**4.0 VERIFICATION AND ACCEPTANCE OF BGs:**

Pre-contractual BGs (PBG & Bid Security BG) need to be verified by Executive Department and post contractual BGs, i.e. Mobilization Advance etc. should be verified by Finance after receiving the same from Executive Department.

**4.1 Subsequent to their receipt, it will be the responsibility of the Concerned Executive to examine the BGs and ensure compliance of the following:**

- a) The BG should be unconditional and irrevocable. It should be invocable at any time during the validity period of BG, without any hurdle.
- b) The BG should be on Non-Judicial Stamp paper of appropriate value as per Stamp Act prevailing in the State(s) where the BG is submitted or is to be acted upon on the rate prevailing in the State where the BG is executed, whichever is higher. The appropriate value of Stamp paper for BGs, in terms of the Stamp Act for various States in India, can be verified through the websites of the respective states / Law official of Railway
- c) The date, purpose of purchase of Stamp paper and the name of the purchaser should be indicated on the Stamp paper under the signature of Stamp vendor.
- d) *The date of sale of the non judicial Stamps paper, as indicated on the Stamp paper should be a date not later than the date of the execution of the BG.*
- e) *The name of the purchaser of Stamp paper may be the executing Bank for the party on whose behalf the BG is being issued.*
- f) In certain States, the Rules permit levy of Stamp duty by the process off ranking under signature of the empowered officer. Such BG may also be accepted as duly stamped.
- g) The name and designation of Officer of the Bank executing the BG and his Authority/ Signing Power No. should be in variably indicated in the BG.
- h) Each page of the BG should be duly signed/ initialed by the executants and Stamp of the Bank affixed thereon. The last page of BG should be signed with full particulars including the name of authorized signatory and witnesses, full postal addresses, telephone number, fax number etc. under the seal of the Bank or as required as per the prescribed Proforma in the Bid Documents. It may also be ensured that over- writings or cuttings, if any, have been properly authenticated under the signature and seal of the executants.
- i) The BG should be compared verbatim with Standard Proforma of the Bank Guarantee prescribed in the Bid Document/Contract Agreement.
- j) Any change in the contents or text of the Advance BG/PBG/other BGs, which are of clerical in nature and in no way limits the rights of the Railways in any manner, the same may be accepted or rejected with the approval of the Accepting Authority.
- k) However, if there are deviations in the text of the BG from the prescribed text, which materially affect the right of the Railways under the BG, the opinion of Law Department regarding acceptance of such deviations may be obtained before seeking approval from Contract Accepting Authority. In case opinion from the Law Department has already been circulated for such deviations, same may be accepted with the approval of Competent Authority as mentioned above, based on the aforesaid opinion.



- l) The factual details such as Bid Specification No., Notification of Award / Contract Agreement Number, Scope of Work, Contract Price, amount (both in words and figures), and validity of the BG etc. should be in line with the provisions of Bid / Contract Documents. Also, the purpose of BG should be specifically mentioned.
- m) Certification from the Bank that BG has been endorsed / entered / generated through CBS System of the banks should be ensured.

4.2 In the case of Bank Guarantees submitted toward Bid Security, it shall be the responsibility of the Tender Committee (TC) to verify the acceptability of the Bank Guarantee with respect to its value, validity period and issuing Bank. Further, the TC shall also prima-facie verify whether there are any material deviations in the text of the BG with reference to the specified format in the Bid documents. In case of BGs found acceptable based on the verification as per Para 4.2 above, further detailed examination of the BGs in line with 4.1 above shall be carried out by the TC at the time of Bid evaluation.

The responsibility of confirmation of issuance of BG from Bank as Para 5.3 below and acceptance of the Bid Guarantee shall vest with the TEC.

#### **4.3 VERIFICATION OF ISSUANCE OF BG FROM BANKS:**

4.3.1 Except Bid Security which shall be retained in original with TC, the Concerned Executive shall forward the original BGs along with the Check list as per Annexure - I, duly filled in to concerned Finance Department for safe custody.

A photocopy of the original BG shall be retained by the concerned Executive before forwarding the original BGs to Finance Department. On receipt of the BGs from the Concerned Executive, the dealing official in the Finance Department shall confirm compliance of the above check-points as a matter Internal Control.

4.3.2 As per CVC guidelines, IT enabled confirmation system may be followed in addition to existing paper based confirmation system by adopting one or more of the following methods:

- Getting confirmation through digitally signed secured e-mails from issuing branch;
- Online verification of Company portal with user ID and password followed by authentication system generated one time Password (OTP) on reconfirmation;
- Confirming the receipt of the BG through Structured Financial Messaging System (SFMS) from Railways' Banker.

Once confirmed, BGs shall be ready to be kept in safe custody for which a proper confirmation will be given to Executive.

4.3.3 The Bank Guarantee Format included in the Tender document is having a provision regarding details of the Bank Accounts of RAILWAYS along with IFSC Code etc., which is to be informed by the Bidder to the BG issuing Bank. This is for confirming issuance of the BG in favour of Railways through Structured Financial Messaging System (SFMS).

**5.0 CUSTODY OF BGs AND MAINTENANCE OF BG REGISTER:**

5.1 In case of Contracts executed by HQ, BGs shall be retained at HQ Finance Department.

In case of Contracts ultimately executed at Unit Offices, original BGs and any amendment (any decrease or increase in value of the BG as per extension / amendment of the Contract and as per terms of the Contract Agreement and also extension in the validity date of the BG) thereof shall be submitted by the Executive to the Finance Department of the concerned Nodal Unit Office under proper acknowledgement.

5.2 The BG shall be kept under safe custody of an official of Finance Department. The same should be kept in a fire proof chest.

5.3 In order to facilitate proper recording and monitoring the validity of BGs records, all details shall be kept by the concerned Finance Department in a Control Register called "REGISTER OF BANK GUARANTEES" containing the following information:-

- 1) Sr. No.
- 2) Name of the Project.
- 3) Contract Reference.
- 4) Name of the Package
- 5) Details of Executive Department handling the Contract.
- 6) Name & Address of Contractor with Telephone No. (if any).
- 7) Name & Address of the Bank is suing the BG with Telephone No.
- 8) Bank Guarantee No and Date.
- 9) Amount of Bank Guarantee.
- 10) Purpose of the BG
- 11) Date of validity/Expiry of Bank Guarantee,
- 12) Date of Validity of the Extension of the Bank Guarantee
- 13) Date of Invocation of Bank Guarantee.,
- 14) Date of Release of Bank Guarantee
- 15) Remarks,

Besides Manual Register, all entries related to BGs must also be entered in IPAS/IRWCMS.

5.4 The Authorized Official in Finance & Accounts shall review the Register every month and initiate action of ascertaining from concerned Department, (at least three (3) months in advance of the expiry of the validity of the Bank Guarantee), whether the BG needs to be extended / invoked or not. It may be noted that the Bankers are not obliged to make payment after the date of expiry of the validity of the Bank Guarantee. Hence, timely action for extension/ invocation/release of the Bank Guarantee, whenever required, is essential.

Regarding legality of the Bank Guarantees already issued by Subsidiary /Associate Banks (e.g. State Bank of Hyderabad) of Merger Bank e.g. SBI, the same should be reissued from Merger Bank (e.g. SBI) or some novation or Assignment letter should be obtained from State Bank of India in order to avoid future vulnerability.

**6.0 EXTENSION / INVOCATION OF BANK GUARANTEE (BGs):**

- 6.1 In respect of EGs towards Bid Security, the Convener of TC shall be responsible for seeking extension of BG, whenever required.

In case a need arises to invoke the BG submitted by a bidder towards Bid Security, the Convener shall obtain approval of the Contract Accepting Authority and shall take necessary action for invocation of BG including issue & delivery of Invocation Letter, receipt of amount etc. It will be the responsibility of Convener to act on any follow-up action and coordinate with Legal/other Departments if need so arises.

- 6.1 A list of all BGs expiring within next three (3) months (except BGs towards Bid Security) shall be prepared by the concerned Finance Department and forwarded by 10th of every month to the concerned ED/GGM/GM at CO and CPM at Project Office.

- 6.3 Based on such list of BGs, if the status of supply / work warrants further extension of the validity of BG, the concerned Branch Officer/HODs shall initiate action for obtaining/procuring suitable extension of BG from the Contractor under advice to the Associate Finance Department. A copy of the communication by concerned BO/HOD to the Contract or regarding extension of BGs shall be sent to Finance Department at least sixty(60) days prior to expiry of the validity period of BG.

- 6.4 Simultaneously, Finance Deptt shall lodge a Conditional Claim (as per the prescribed format enclosed at Annexure-III), thirty (30) days prior to the date of expiry of the validity of BG. A copy of the claim letter shall also be forwarded to concerned HODs. The conditional claims shall be followed up by Finance Department and a reminder shall be sent to the concerned Bank fifteen (15) days prior to expiry of the BG.

- 6.5 The concerned department as well as the custodian of BG shall ensure that no BG, other than the BG to be released and where no further extension of the BG is required, is allowed to lapse. Any approval required for such purposes shall be processed and obtained by the concerned Executive.

- 6.6 Based on Review, the concerned BO/HOD shall initiate action for seeking approval of Competent Authority for invocation, wherever decided. Competent Authority for obtaining approval of encashment of BG shall mean the Authority Competent to award the Contract under the SOP. However, for the specific purpose of invoking the Bank Guarantee(s) he shall not be an official lower in rank than BO or HOD.

In case where General Manager or Rly. Board is the Competent Authority for approving the Contract, the Competent Authority for the purpose of invoking the BG shall be PHOD.

- 6.7 The concerned BO/HOD, after obtaining approval for Competent Authority for invocation, shall advise the Finance Department for encashment of the BG(s) positively at least 7 (seven) days prior to the expiry of validity of the BG so that Finance Department can lodge a formal claim for encashment of BG and ensure receipt of money before the expiry of the BG. At this stage, original BGs might be required to be handed over to Bank. *This action may be irrevocable; hence decision on extension has to be taken by Executive division expeditiously.*

However, in case the extension to BG has been furnished by the Bank before its expiry, Finance Department shall not pursue the claim for receipt of payment.

- 6.8 To prevent the party from obtaining an ex-parte stay order against Railways for encashment of BG, action of filing Caveat Petition may be taken simultaneously along with lodging of Invocation Claim by the Concerned BO/HOD with approval of Competent Authority, if situation demands so.

- 6.9 Invocation Letter as per sample enclosed (Annexure-IV) duly signed by the "Authorized Signatory", along with the Original Bank Guarantee, shall be handed over personally by Finance Department to the Branch Manager of the Bank which has issued the Bank Guarantee.

A copy of the letter shall also be sent by Registered / Speed post / Reputed Courier agency to the Head Office of the concerned Bank. The delivery of BG Invocation Letter and Original BG to the concerned Bank should be ensured against proper acknowledgement well in advance before the expiry of its validity.

- 6.10 In case of unconditional BG, mere demand to Bank through BG Invocation Letter is sufficient unless otherwise provided in Contract conditions. However, to avoid legal complication, invocation of such Bank Guarantees should also be resorted to by a mode mentioned above (i.e. Invocation Letter along with BG copy). Original BG will be given at the time of receipt of Demand draft towards en-cashed BG.

If any Bank refuses to make payment, Finance Dept. will inform the concerned Deptt accordingly. Any follow up action will be initiated by Executive Deptt.

- 6.11 The "AUTHORIZED SIGNATORY" for the purpose of signing the Bank Guarantee Invocation Letter shall be as under:

For HQ Office	:	FA&CAO (G) or other nominated Officer
For Unit Office	:	BO/Finance

In order to safeguard the interests of Railways, if the concerned Bank (which had issued the Bank Guarantee) is avoiding/refusing to honor its committed obligations and liabilities under the terms of BG, the matter should be taken up by HQ Finance / Competent Authority with the highest Authority of the concerned Bank, at the issuing Branch as well as with the Head Office, and also with the Reserve Bank of India, whose guidelines on the subject are mandatory in nature for every Bank to necessarily comply with them.

- 6.12 In the event of the Bank's ultimate failure to honor its commitment according to the terms of the Bank Guarantee in letter and spirit, Executive Deptt, as a last resort, shall put up proposal for seeking permission of the Competent Authority for filing suit/ writ petition, as the case may be, against the Bank in the Court of Competent Jurisdiction, well within the period of limitation. The Competent Authority for approval of such proposals shall be Contract Accepting Authority.

For intimating any legal action against Public Sector Bank, prior permission / clearance shall be obtained from Committee on Disputes by the concerned Executive Department in consultation with HQ Legal Deptt in terms of guidelines as stated at Para 7.15.

- 6.13 These court cases should be thoroughly prepared by the Executive Department in consultation with Highest Level Law Officer at HQ (in case pertaining to HQ Office) or Law Officer at the concerned Unit / other Local Advocates supported by documentary and oral evidence. Wherever required, an Affidavit may be filed by BO/HODs of the concerned Department after seeking necessary details from Finance Department. The authorized officer for signing the affidavits should be of the rank of BO at Unit Level and HOD at HQ level.

It should be ensured that under no circumstances the period of Limitation for taking legal action under the Bank Guarantee is allowed to lapse. The period of Limitation prescribed under the Limitation Act is three (3) years from the date of cause of action arising in terms of the Bank Guarantee.

**6.14 BG OF PUBLIC SECTOR ENTERPRISES (PSEs)/GOVERNMENT DEPARTMENT:**

Deptt of Public Enterprises (DPE), Ministry of Industry vide their Office Memorandum No. DPE/4(10)/200 I. -PMA-GLL dated 22<sup>nd</sup> January, 2004, has advised that encashment of Bank Guarantees 'furnished by PSEs should be done as a last resort when efforts to resolve the differences/ disputes failed and that too after giving due notice 1 information to the concerned PSEs.'

In view of the above, for all the Contracts entered into by Railways with PSEs / Other Govt. Departments, in the event it becomes necessary for effecting encashment of any Bank Guarantee under the Contract, a Notice of default under relevant provisions of the Contract must be given to the concerned PSE before effecting encashment of the Guarantee. Such period of notice may be around thirty (30) days.

**7.0 RELEASE OF ABANK GUARANTEE:**

7.1 The Convener shall be responsible for returning the BGs towards Bid Security to the unsuccessful bidders promptly, **not later than twenty eight (28) days** after the expiry of the Bid validity period or **twenty eight (28) days** after the unconditional acceptance of award by the successful bidder, whichever is earlier or as specified in the Bid/Contract Agreement. The extension of validity of the BG towards Bid Security of the successful bidder shall be ensured till the submission of the Performance Bank Guarantee (PBG) by such bidder and its acceptance thereof by Railways, unless otherwise specified in Bid documents.

7.2 All other BGs (other than Bid Security) should be released:

- ✓ On receipt of new BG in lieu of old BG;
- ✓ On completion on intended purpose, i.e., Recovery of mobilization advance, adjustment of Material Advance, successful completion of work, Expiry of Defect Liability Period etc.

The BGs will be released after receipt of approval of Competent Authority for release of the said BGs as per terms and conditions of the Contract Agreement.

The Competent Authority for release of BGs shall be as under:

For BGs held at HQ Finance	Concerned Executive (HOD)
BGs held at Project Office	Concerned BO

The BGs on their release shall be forwarded by the Finance Department to the concerned HODs/BOs for returning to the Contractor.

**8.3 EXPIRED BANK GUARANTEES:**

Once compliance of the guidelines as above is ensured, there shouldn't be any Expired Bank Guarantee.

However, for all expired BGs that may be lying in Finance at the time of issuance of this Circular, the Finance Department shall prepare a list of, in the first week of the succeeding month and forward the same to the concerned executive for their review & advice. In case no advice is received from Concerned Executive within one month of issue of such list, Finance Department, shall put up the details to concerned PHOD for a suitable decision, Concerned PHOD shall ensure that a decision regarding release of the BGs is taken within the next 15 days in respect of BGs pertaining to their department. In case, no advice is received by the Finance Deptt, the original expired BG shall be forwarded to Concerned



Executive for taking further necessary action in the matter.

On issuance of this Circular, the approval for release of BGs shall be taken promptly by the concerned BO/HODs. However, in certain exceptional circumstances, if such approval is not received by the Finance Department within three months from the expiry of the BG, the Finance Department shall follow the procedure as per Para 8.1 above for dealing with such expired BGs.

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- Annexure-I : Bank Guarantee Verification/Acceptance Report
- Annexure-II : Proforma of Letter for verification of BG,
- Annexure-III : Proforma for Lodging Conditional Claims under the Bank Guarantee
- Annexure-IV : Proforma for Invocation of Bank Guarantee

**ANNEXURE-I: RAILWAYS BANK GUARANTEE VERIFICATION/ACCEPTANCE REPORT**

1	Bank Guarantee No.	
2	Issuing Bank	
3	Amount of BG	
4	Nature of BG & No. of Pages	
5	Validity of BG	
6	Contract Description	
7	Party and Contract Reference	Name, Address, Telephone, Fax, e-mail.
8	Bank Reference	Name, Address, Telephone, Fax, e-mail.

**CHECK-LIST**

SN	Details of Check	Yes/No
1	Is the BG on non-judicial Stamp paper of appropriate value, as per Stamp Act?	
2	Whether date, purpose of purchase of Stamp paper and name of the purchaser are indicated on the Stamp paper under the Signature of Stamp vendor?(Date of purchase of Stamp paper should be not later than the date of execution of BG and the stamp paper should be purchased either in the name of the executing Bank or the party on whose behalf the BG has been issued .Also the Stamp Paper Should not be older than six months from the date of execution of BG)	
3	If Tease the BG has been executed on Letter Head of the Bank, whether adhesive Stamp of appropriate value has been affixed thereon?	
4	Has the Executing Officer of BG indicated his name, designation and Authority/Signing Power No.etc, on the BG?	
5	Is each page of BG duly signed/initialed by Executant and whether Stamp of Bank is affixed thereon? Whether the last page is signed with full particulars under Seal of Bank as required in the prescribed' Proforma'?	
6	Does the Bank Guarantees corn are verbatim with the proforma prescribed in the Bid Documents?	
7	In case of any changes in contents of text, whether changes are of clerical nature (which, in no way, limits the rights of Railways in any manner)?	
8	In case of deviations in text of BG; which materially affect the right of RAILWAYS, whether the changes have been agreed based on the opinion by Legal Department by Contract accepting authority or Competent Authority for cases for which Law Department has issued instructions?	
9	Are the factual details such as Bid Document No./LOA/Contract No., Contract Price, Percentage of Advance, Amount of BG and Validity of BG correctly mentioned in the BG?	
10	Whether overwriting/cutting, if any, on the BG have been properly authenticated under signature & seal of Executant?	
11	Whether the BG has been issued by a Bank in line with the provisions of Bid/Contract Documents?	

Certified that the BG submitted has been verified & accepted as per the prescribed procedure.

Name & Signature of BO/HOD of  
concerned Deptt with Date & Tele No.

Forwarded for confirmation and safe custody

BG confirmed from the Issuing Bank Dealing Executive in Finance

ANNEXURE-II:**LETTER FOR VERIFICATION OF BANK GUARANTEE**

No.

Date:

Mr/Ms.  
Manager/Bank

Sub: Bank Guarantee No.-----dated-----forRs.-----

Dear Sir,

We have received a Bank Guarantee under your signature bearing no-----dated----- on behalf of----- as Bid Security / Advance security/ Mobilization Advance/ Performance Bank Guarantee towards successful performance / other (to be specified) submitted by----- (mention name and address of the contractor/supplier) in respect of the Contract No.-----dated -----The captioned guarantee is valid upto -----

You are requested to return the second copy of the letter by registered post/speed post/reputed courier agency along with unstamped copy of bank BO, certifying under your Bank's seal that the above mentioned Bank Guarantee has been properly executed and issued by you or by an Authorized Officer of the Bank.

Yours sincerely,

Name:  
Designation:

CERTIFICATE

Certified that the aforesaid Bank Guarantee has been properly executed by and issued by as an authorized officer of the Bank with the particulars mentioned above, which are verified to be correct. The copy of Bank Guarantee duly stamped is also enclosed.

1. Signature :
2. Name :
3. Designation with Bank's Seal :
4. Power of Attorney/Signing Power No. :

Mail to Mr/Ms.



ANNEXURE-III**PROFORMA FOR LODGING CONDITIONAL CLAIMS UNDER THE BAN GUARANTEE**

(To be issued before 30 days prior to expiry of Bank Guarantee)

No.

Dated:

The Branch Manager Bank,

Subject: Conditional Claim under Bank Guarantee No.----- dated ----- for Rs. -----  
----- valid up to-----

Dear Sir,

Please refer to Bank Guarantee No----- dated----- for Rs valid upto -----  
issued by you on behalf of ----- (mentioned name and address of the contractor /  
supplier) in our favour towards the Contract No-----dated -----being Advance  
Guarantee I Contract Performance Guarantee / Security Deposit / Earnest Money Deposit  
Guarantee.\*\*\*

The captioned Bank Guarantee is valid upto-----We do here by lodge our claim / Demand in  
terms of Bank Guarantee and call upon you to pay the sum of Rs. ----- (Rs-----  
----- Only) being the amount covered under the above Bank Guarantee forth within case the BG is  
not extended within validity period. In case of encashment, Bank Demand Draft should be made  
in favour of Railways payable at -----

This claim may be treated as 'withdrawn' in the event extension to BG has been furnished by the  
Bank before its expiry and proof of such letter of extension is submitted to us by the Bank, or in  
the event of written communication from this office to such effect.

This is without prejudice to your rights under the Guarantee and under the Law.

Thanking you

Yours sincerely,

(Authorized Signatory)  
For and on behalf of Indian  
Railways

\*\*\*Please strike whichever is not applicable

ANNEXURE-IVHAND DELIVERY**PROFORMA FOR INVOCATION OF BANK GUARANTEE**

(To be issued before 7 days of expiry of BG to "The Branch Manager" of Bank (issuing BG))

Dated:

The Branch Manager

Subject: Invocation of Bank Guarantee No. ----- dated ----- for Rs. -----  
valid up to -----

Dear Sir,

Please refer to Bank Guarantee No. ----- dated ----- for Rs. ----- (Amount in words: -----) *as extended vide letter of extension dated ----- issued by you in favour of ----- on behalf of (mention name and address of the contractor/supplier) towards Contract No. ----- dated ----- awarded by Indian Railways to the Contractor as an Advance Guarantee / Contract Performance Guarantee / Security Deposit / Earnest Monty Deposit (#).*

In terms of the aforesaid Guarantee, we invoke the said Guarantee and hereby make a demand on you to remit a sum of Rs. ----- (Amount in words -----) to us immediately by means of Demand Draft / NEFT / RTGS in favour of Indian Railways payable at ----- *\* This supersedes our conditional claim letter No. ----- dated -----.*

Kindly handover the Bank Demand Draft to the bearer of this letter Shri. ----- whose signature are attested below. Original Bank Guarantee shall be handed over to you by us at the time of receiving the demand draft from you.

Thanking you,

Signature of  
Mr /Ms.  
attested

Yours sincerely,

For and on behalf of  
Indian Railways

(Authorized Signatory)

#Strike whichever is not applicable

**Note:**

(1) A copy of the above letter is also required to be sent to Bank's Head Office.

(2) In case of hand delivery, acknowledgement of Bank is to be obtained on the duplicate copy.