

GOVERNMENT OF INDIA
MINISTRY OF RAILWAYS
(RAILWAY BOARD)

No. Track/21/2007/0113/7/8/BG

New Delhi, dt. 15.02.2008

The General Managers (Engg.),
All Indian Railways

Sub: Model format of Bank Guarantee for obtaining Performance
Guarantee - Clarification regarding

The issue regarding adoption of different format(s) of Performance Guarantee Bond by Zonal Railways was represented by one of the major firms executing Alumino Thermit Welding contracts on Indian Railways. The matter has been examined at length and it has been decided that the model format of Bank Guarantee, as approved by Ministry of Finance, Department of Economic Affairs (Banking Division) vide their O.M.No. F.No. 9/5/85-B.O.III dated 28.2.85 and circulated in terms of this Ministry's letter No. F(X) I/85/19/1 dated 10.5.85, shall continue to be adopted for the purpose of accepting Performance Guarantee also. A copy of revised model format of Bank Guarantee circulated earlier is enclosed for ready reference.

2. This issues with the concurrence of Finance Directorate of Ministry of Railways:

Please acknowledge receipt..

DA:As above


(S.K.Negi)
Director Track (P)
Railway Board

Copy to :-

1. FA&CAOs, All Indian Railways (both Open Line & Construction)
2. EDCE(G), Railway Board.
3. F(X) I Branch, Railway Board.
4. M/s. ITC Ltd., 84/22, Fazalganj, Kanpur - 208012 for information w.r.t. their letter dated 25.10.2007.

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SW. 2

REVISED MODEL FORM OF BANK GUARANTEE BOND
GUARANTEE BOND

In consideration of the President of India (herein after called "the Government") having agreed to exempt _____ (hereinafter called "the said Contractor(s)" from the demand, under the terms and conditions of an Agreement dated _____ made between _____ and _____ for _____ (hereinafter called "the said Agreement"), of security deposit for the due fulfilment by the said Contractor(s) of the terms and conditions contained in the said Agreement, on production of a bank Guarantee for Rs. _____ (Rupees _____ only) we, _____ (hereinafter referred to as "the Bank") at the request of _____ (contractor(s) do hereby undertake to pay to the Government an amount not exceeding Rs. _____ 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(s) of any of the terms or conditions contained in the said Agreement.

2. We _____ do hereby undertake (indicate the name of the bank) 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. _____.

3. We under-take to pay to the Government any money so demanded notwithstanding any dispute or disputes raised by the contractor(s)/supplier(s) 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(s)/supplier(s) shall have no claim against us for making such payment.

4. We, _____, further agree that the
(indicate the name of bank)
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 _____ Office/ Department) Ministry of _____ certifies that the terms and conditions of the said Agreement have been fully and properly carried out by the said Contractor(s) and accordingly discharges this guarantee. Unless a demand or claim under this guarantee is made on us in writing on or before the _____ we shall be discharged from all liability under this guarantee thereafter.

Cont.....P/3...

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

Dated the _____ day of _____ 19____

for _____
(indicate the name of bank)