Annexure I

Model Form of Bank Guarantee Bond

GUARANTEE BOND

1. In consideration of the President of India (hereinafter 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 (indicate the name of the bank) 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 _____ (indicate the 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 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 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 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,_____ (indicate the name of 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_____ 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.



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 by 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.

8. Notwithstanding anything contained herein:-

i) Our Liability under this Bank Guarantee shall not exceed Rs _____ (Rupees _____ only).

ii) This Bank Guarantee shall be valid upto (Date of Expiry of the Guarantee)

iii) We are liable to pay the guarantee amount or any part thereof under this Bank Guarantee only and only if you serve upon us a written claim or demand on or before (Date of Expiry of the guarantee PLUS one year claim period)

iv) At the end of claim period that is on or after (Date of Expiry of the guarantee Minimum of 1 Year claim period shall be stipulated) all your rights under this guarantee shall stand extinguished and we shall be discharged from all our liabilities under this guarantee irrespective of receipt of original Bank Guarantee duly discharged by Bank.

9. Dated the _____ day of _____ _____ for _____ (indicate the name of the Bank).

Annexure II

Bank Guarantee Request Letter

REQUEST LETTER FOR ISSUING/ EXTENSION OF BANK GUARANTEE

Date:

To
The Branch Manager,
Union Bank of India,
---------- Branch

I/we,..... ..... Proprietorship/Partnership/LLP/Company (to mention the constitution) maintain a..... (Mention the account with our Bank) with your branch since..... I/We have been sanctioned various credit facilities including BG limit vide your sanction letter No.....dated.....

OR

I/we, ... proprietorship/partnership/LLP./company (to mention the constitution) desire to avail credit facility from you in the form of Bank Guarantee to be issued favoring .....(Beneficiary name) (***NEW CUSTOMER***).

(DELETE WHICHEVER IS NOT RELEVANT)

I/we hereby request you to issue /renew the Bank Guarantee in support of which we enclose herewith the Agreement with beneficiary/necessary documents which forms part and parcel of this request letter.

I/We irrevocably authorize you to debit charges and / or margin to our Cash Credit Account / Current Account No..... along with your applicable charges/commission for such period which has been explained to me and to which I/We hereby accede to.

The bank guarantee is to be issued against our limit of ----------/ The bank guarantee is against full cash margin provided by us.

Bank Guarantee Amount Rs

Beneficiary Full name and address :(For Bank's Control Purposes):

BG Expiry Date:

यूनियन बैंक ऑफ इंडिया
ऋण नीति एवं एम एस एम ई विभाग केन्द्रा
UNION BANK OF INDIA

BG Claim Expiry Date:

DECLARATION - CUM - UNDERTAKING

I/we have no objection to the Bank's stipulation of minimum claim period of one year from the expiry of this/every guarantee issued by Bank and I/we acknowledge that this period is provided under the law and cannot be reduced. I/we undertake to pay the commission for the guarantee period upfront and the commission for the claim period may be recovered on quarterly basis, at the beginning of the quarter, till the original guarantee is received by the Bank. I/we undertake to obtain original BG from the beneficiary in this regard.

DECLARATION - CUM - UNDERTAKING (Required in case of foreign bank guarantee only)

I/We hereby declare that the transaction the details of which are specifically mentioned in this request letter does not involve, and is not designed for the purpose of any contravention or evasion of the provisions of the Foreign Exchange Management Act or of any rules, regulation, notification, direction or order made thereunder. I /We also hereby agree and undertake to give such information/documents as will reasonably satisfy you about this transaction in terms of the above declaration. I/We also understand that if I/We refuse to comply with any such requirement or make only unsatisfactory compliance therewith, the bank shall refuse in writing to undertake the transaction and shall if it has reason to believe that any contravention/evasion is contemplated by me/us report the matter to Reserve Bank of India. I/We further declare that the undersigned has/have the authority to give this declaration and undertaking on behalf of the company.

Yours faithfully,

For.....
AUTHORISED SIGNATORY/IES

ऋण नीति एवं एम एस एम ई विभाग के का