

(Guarantee-Bond offered by-Banks to Railways in connection with the execution of Contracts) (SD)

GUARANTEE BOND FORMAT

(To be used by approved Schedule Banks)

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 “The said Agreement”) of **security deposit** for the due fulfillments 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 (indicate the name of the bank) (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 and conditions contained in the said Agreement.

2. We _____ do hereby undertake to pay the (indicate the name of the Bank) 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 any 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 not withstanding any dispute or disputes raised by the Contractor(s)/Suppliers(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 valid discharge of our liability for payment there under the Contractor(s)/Supplier(s) shall have no claim against us for making such payment.

4. We _____ further agree that the guarantee

(indicate the name of Bank)

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 _____ certified that the terms and conditions of the said Agreement have been fully and properly carried out by the said Contractor(s) and accordingly discharges the 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 _____ further agree with the Government

(indicate the name of Bank)

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 extent time of performance by the said Contractor(s) from time-to-time any of the powers exercisable by the Government against the said Contractor(s) and to forbear or enforce any of 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 _____, lastly undertake not to revoke

(indicate the name of Bank)

this Guarantee during its currency except with the previous consent of the Government in writing.

Dated the _____ day of 20

For _____
(indicate the name of Bank)