

BANK GUARANTEE FORMAT FOR PERFORMANCE BOND

(for Local Order)

The President of India
(acting through the Director, Purchase & Stores)
Department of Atomic Energy,
Government of India,
Vikram Sarabhai Bhavan,
Anushaktinagar ,
Mumbai 400 094.

WHEREAS on or about the _____ day of _____ 2000 M/s. _____ a company registered under Companies act 1913/1956 and having its registered office _____ (hereafter referred to as 'The Contractor') entered into an agreement bearing No. _____ dated _____ (hereinafter referred to as 'The Contract') with the President of India acting through the Director, Purchase & Stores, Directorate of Purchase & Stores, Department of Atomic Energy (hereinafter referred to as 'The Government') for supply of _____ (hereinafter referred to as 'The Equipment').

2. AND WHEREAS under the terms and conditions of the contract an amount of Rs. (Rupees only) representing balance _____ per cent payment out of the total value of the contract of Rs. _____ (Rupees only) is to be paid to the contractor on the final acceptance of the equipment and on the contractor furnishing a bank guarantee in a manner herein contained duly executed by a Scheduled/Nationalised Bank towards satisfactory performance of the equipment during warranty period, viz. 12 months from the date of acceptance/commissioning of the said equipment or 18 months from the date of despatch of the last lot of consignment whichever is earlier.

3. NOW WE, the _____ (Bank) in consideration of the promises and the payment of said sum of Rs. _____ (Rupees _____ only) by the Government to the Contractor do hereby agree and undertake to pay to the Director, Purchase and Stores, Department of Atomic Energy on behalf of the Government the amount due and payable under the guarantee without any demur, merely on a demand from the Director, Purchase and Stores, Department of Atomic Energy stating that the amount claimed is due by way of loss or damage caused to or suffered by the Government by reason of unsatisfactory performance of the equipment during the warranty period. 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).

4. We, (Bank) undertake to pay to the Government any money so demanded notwithstanding any dispute or disputes raised by the contractor, in any suit or proceedings 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 thereunder and the contractor (s) shall have no claim against us for making such payment.

5. We, _____ (Bank) hereby further agree that the decision of the Director, Purchase and Stores, Department of Atomic Energy as to whether the said equipment is giving satisfactory performance or not during the warranty period and as to the amount of damages suffered by the Government on account of unsatisfactory performance of the said equipment shall be final and binding on us.

6. AND We, the _____ (bank) do hereby agree that our liability hereunder shall not be discharged

by virtue of any agreement between the Government and the Contractor whether with or without our knowledge and/or consent or by reason of the Government showing any indulgence or forbearance to the contractor whether as to payment, time for performance, or any other matter whatsoever relating to the contract which but for this provision would amount to discharge of the surety under the law

7. This guarantee will not be discharged due to the change in the constitution of the Bank or Contractor(s).

8. OUR Guarantee shall remain in force until and unless a claim under the guarantee is lodged with us within six months nom that date, all right of the Government under the guarantee shall be forfeited and we shall be relieved and discharged from all our liabilities thereunder.

Dated the _____ day of _____ 200

for _____
(indicate the same of bank)