

BANK GUARANTEE FORMAT FOR HANDING OVER REJECTED EQUIPMENT FOR REPAIRS /  
REPLACEMENT.

The President of India,  
(Acting through the Director, Purchase & Stores)  
Department of Atomic Energy,  
Vikram Sarabhai Bhavan,  
Anushaktinagar ,  
Mumbai -400094.

Whereas on or about the \_\_\_\_\_ day of \_\_\_\_\_ 200 , M/s. \_\_\_\_\_ , a company having incorporated their office at \_\_\_\_\_ (hereinafter referred to as 'the contractor') entered into an agreement bearing No. \_\_\_\_\_ dt. \_\_\_\_\_ (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, Government of India, Mumbai (Hereinafter referred to as 'the Government') for manufacture and supply of Nos. \_\_\_\_\_ of (hereinafter referred to as the instrument') at a cost of \_\_\_\_\_ (in words).

Whereas as per the terms and conditions of the contract, the contractor had delivered to the consignee all the \_\_\_\_\_ Nos. of instruments, out of which, \_\_\_\_\_ Nos. of the instrument costing \_\_\_\_\_ (in words) was found defective and not working satisfactorily after its receipt by the consignee and therefore the instrument received from the contractor was rejected by the Government.

Whereas as per the terms and conditions of the contract, the contractor has agreed to either repair or replace the instrument, as is deemed fit, free of cost, to the purchaser within a period of \_\_\_\_\_ months from the date of receipt of the rejected instrument by the contractor, under the warranty conditions of the contract.

Whereas, as per the Government policy, the contractor was required to furnish a Bank Guarantee for full value of the defective instruments amounting to \_\_\_\_\_ (in words) as a safeguard to the government on account of any damage/loss that may be caused or suffered by the government due to the contractor's inability/failure to return the instrument duly repaired or supply a new instrument in replacement of the defective instrument within the specified time and also when the instruments lie under the contractor's. custody, control or possession. Contractor has agreed to furnish the Bank Guarantee in this context.

Whereas the contractor, based on the government's requirement has agreed to furnish such a Bank Guarantee as a safeguard to the government interest as indicated in para 4 above, valid till the return of the repaired instruments or a replacement thereof, to the government.

Whereas, we, (the Bank), in consideration of the government having agreed to despatch the defective instrument to the contractor's works on freight to pay basis and contractor having agreed to repair and return the defective instrument duly repaired or arrange free replacement of the defective instrument on freight paid basis, do hereby agree and undertake to indemnify the government and keep the government indemnified to the extent of a sum not exceeding \_\_\_\_\_ (in words) against any loss or damage that may be caused or suffered by the government by reason of the contractor either not returning the repaired instrument or arrange free replacement within a specified time and also when the instrument lie under the custody, control or possession of the contractor.

We, \_\_\_\_\_ (the Bank), do hereby undertake to pay to the Director, Purchase & Stores, Department of Atomic Energy, Government of India, the amount due and payable under this guarantee, without any demur, merely on a demand from the Director, Purchase & Stores, Department of Atomic Energy on behalf of 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 the contractor either not returning the instrument duly repaired or arrange free replacement to the government and also when the instrument lie under the custody, control or possession of contractor. Any such demand 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 \_\_\_\_\_ (in words).

We undertake to pay to the Government any money so demanded notwithstanding any dispute or disputes raised by the contractor/s or by agents 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 and the Indian agents shall have no claim against us for making such payment.

And we, \_\_\_\_\_ (the Bank) hereby further agree that the decision of the said Director, Purchase & Stores as to whether the contractor has committed breach of any such terms and conditions of the contract or not and as to the amount of damage or loss assessed by the said Director, Purchase & Stores on account of such breach would be final and binding on us.

We, \_\_\_\_\_ (the 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 for performance by the said contractor 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 commission 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.

This guarantee will not be discharged due to the change in the constitution of the bank, the contractor/s or the agents.

Our guarantee shall remain in force until \_\_\_\_\_ and unless a claim under the guarantee is lodged with us within three months from that date, all rights of the government under the guarantee shall be forfeited and we shall be relieved and discharged from all liabilities thereunder.

Dated at \_\_\_\_\_ this \_\_\_\_\_ day of \_\_\_\_\_ 200