NORTHERN RAILWAY

Headquarters Office, Baroda House, New Delhi.

No. 63-W/0/Policy/Pt X/Court Case/WA

Dated:- \\ -12-2013.

Sr. Divisional Engineer (Co-ord.), N.Rly - DLI, FZR, LKO, MB & UMB,

Dy. CE/TMC/Line N.Rly. Shivaji Bridge, New Delhi,

Dy. CE's/Bridge Workshop, N.Rly. Jalandhar & (CB) Lucknow,

Dy. CE/TPP N.Rly Lucknow,

Dy. CE/Br. Line N.Rly, Tilak Bridge, New Delhi,

XEN/Butt Welding Plant, N.Rly, Meerut.

Sub:- Check Points for Examination of Bank Guarantee.

Ref:- Dy. GM/Law/Northern Railway/Baroda House/New Delhi's letter No. NR/HQ/Lit/Check Points/BG/201 dated 28-11-2013.

Please find enclosed herewith Dy. GM/Law/Northern Railway/Baroda House/New Delhi's letter No. NR/HQ/Lit/Check Points/BG/201 dated 28-11-2013 on the above noted subject matter for information and necessary action.

You are requested to look into the matter personally and follow the instructions as contained in said letter.

Encls:- as above.

Dy. Chief Engineer/General

Copy to:- CTE, CBE, CE/TSP, CE/P&D, CE/MRTS, CE/TMC, CE/HQ, CE/TMS & CE/RC.

Copy to Dy. CE's:- TM, TMC, TP, TS, P&D, Br.HQ, Br.D, ROB, Safety & Land



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Headquarters Office, Baroda House, New Delhi

Dated: 28.11.20

All POD's

No.NR/HQ/Lit./Check Points/BG/2013

CSTE, CEE, PCE, CPO, COS, CME, CSC/RPF, CCM, COM, FA&CAO, CMD, CVO Northern Railway, HQ Office, Baroda House, New Delhi. CCM/PM. Northern Railway, IRCA Building, New Delhi. CCO, Northern Railway, NDCR Building, New Delhi. CAO/Const., Northern Railway, Kashmere Gate, Delhi. CAO/Const., USBRL, Northern Railway, Jammu.

Subject: Check Points for Examination of Bank Guarantee

This office receives files from various departments for vetting of Bank Guarantee executed by the different banks. While examining these BGs this office has observed that there are generally same types of discrepancies. Most of the discrepancies can be checked by the concerned branch at their end in order to avoid unnecessary correspondence and delay.

The function of Law Branch is to vet the BG from legal point of view only. However, the responsibility to verify the genuineness, check the factual correctness and examine the contents of BG lies on the concerned branch itself.

The following guidelines are being issued afresh for examination of BG by the concerned departments before sending the same to Law Branch so as to avoid back reference and delay in legal vetting of the BG.

1. Examination of Non Judicial Stamp Paper:

A. The Bank Guarantee should be executed on the non judicial stamp paper of appropriate value. The stamp duty payable in respect of Bank Guarantee differs from state to state as per provisions of Stamp Act applicable in that particular state on the date of execution.

- B. The non judicial stamp paper used for executing the Bank Guarantee should have been purchased in the name of executants Bank.
- C. The Bank Guarantee should be duly attested by notary public along with notarial stamps of appropriate value affixed thereon.

2. Examination of Contents:

A. The Bank Guarantee should contain relevant details of agreement for performance of which the Bank Guarantee has been executed and it should also indicate the purpose of Bank Guarantee like Security Deposit, Earnest Money, due performance of the contract etc.

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- B. The Bank Guarantee should cover the period required under the agreement and should provide for six months overlapping period over and above the period required under the agreement to enable the Railway to lodge its claim and to safeguard the interest of Railway Administration.
- C. The Bank Guarantee should be executed in the name of President of India through the authority/concerned Railway Officer who has executed the agreement on behalf of President of India.

3. General Verification:

- A. Each and every page of Bank Guarantee should be signed by the authority of the bank executing it and the Bank Guarantee should be duly numbered. Date of execution and place should be clearly mentioned on the BG.
- B. All corrections/alterations if any made in the Bank Guarantee should be duty attested by the executants Bank and the notary public as well.
- C. The Bank Guarantee should be in the prescribed format and completely in the typed form.
- D. The concerned branch should invariably obtain the confirmation certificate/letter from the concerned banks independently about the genuineness of the BG issued by them.
- E. For speedy process of verification of the genuineness of the BG, the name, designation and code numbers of the officers signing the BG should also be incorporated under their signature.
- F. The correctness of factual position given in Bank Guarantee should be checked and ensured in conformity with the terms and conditions of agreement.

4. Examination of Extensions of Bank Guarantee:

While examining the extensions of Bank Guarantee following additional safeguards be exercised:

- A. Extension of BG should be executed on the Non Judicial Stamp Paper of appropriate value.
- B. Extension of Bank Guarantee should invariably be read with Original Bank Guarantee and Original agreement and extension if any thereof.
- C. Extension of BG should be executed well in time before the expiry of validity of original BG.
- D. If a new agreement is signed after the expiry of original agreement, a fresh Bank Guarantee should invariably be obtained even if the new agreement is on the same terms and conditions.

All concerned officials may please be directed to prepare a check list for above and place on the file before sending the same to Law Branch for legal vetting.

(Rakesh Tyagi) Dv.GM/Law

Copy to: Secy. to AGM for information