

**FORMAT OF BANK GUARANTEE FOR
ADVANCE PAYMENT TO THE VENDORS**

Note : This Guarantee should be executed on non-judicial paper of appropriate, value.

Ref. No.....

WHEREAS Krishak Bharati Cooperative Ltd., (hereinafter referred to as the 'Purchaser') which expression shall unless repugnant to the context include its legal representatives, successors and assigns, have a Purchase Order (hereinafter referred to as the 'Purchase Order') with M/s _____ (hereinafter referred to as the 'Vendor') which expression shall unless repugnant to the context, include its legal representatives, successors and assigns, for the design/supply of equipment for its plants.

AND WHEREAS, one of the conditions of the Purchase Order placed on the Vendor is that the Purchaser should make an advance payment of Rs. _____ (Rupees _____ only) being _____% of the Purchase Price against an Indemnity in the form of a bank guarantee from a schedule bank in a form acceptable to Purchaser.

AND WHEREAS, at the request of the Vendor, Purchaser has agreed to accept a Bank guarantee from _____ with Registered Office at _____ and having a brance office at _____ (hereinafter called the 'Bank').

NOW THIS GUARANTEE WITNESSETH that in consideration of the Purchaser having at the request of the vendor agreed to accept a bank Guarantee of the Bank in respect of Rs. _____ (Rupees _____ only) required by vendor from the Purchaser for the work stipulated in the Purchase Order, which figure of advance shall become reduced and extinguished as hereinafter set forth the bank hereby indemnified payment without protest or demur and without recourse to the vendor, to the said purchaser up to and not exceeding altogether a sum of Rs. _____ (Rupees _____ only) being the amount of the 100% (hundred) percent of the advance payment or such other unadjusted amount of the said advance. The decision of the purchaser as to whether the terms and conditions of this Guarantee have been observed, shall be final and binding on the Bank.

THE GUARANTEE HEREIN CONTAINED is not revocable by notice during the currency and will remain in full force until (a) payment has been made to the puchaser by the Bank of the aggregated amount payable hereinunder or (b) the said advance has been fully adjusted and extinguished, as hereafter set forth, whichever is earlier. Out of the gross amount each invoice representing the full cost of work being affected percent of the amount due will be deducted by way of adjustment of the said advance in the invoices such that in the last or such earlier invoice as may be agreed to under the terms of Purchase Order, the residual balance of the advance shall automatically got extinguished. Our liability under this Guarantee is restricted to Rs. _____ (Rupees _____ only).

UNLESS PREVIOUSLY CANCELLED BY THE PURCHASER, this Indemnity will remain in force upto _____ months from the date of issue of the Guarantee i.e. upto _____ and will stand automatically cancelled on the expiry of the said period unless mutually agreed upon that the Guarantee shall continue for a period longer than contemplated hereunder. Unless demand or claim under this Guarantee is. made on us in writing within six months from date of expiry of this Guarantee all the rights of the Purchaser against us hereunder shall be forfeited and we shall be relieved and discharged from all liabilities hereunder.

The Bank declares that it has the power to issue the Guarantee under Regulations 1959 and the undersigned has full powers to do so on behalf of the Bank.

Signature of the issuing authority & seal.

Dated :

This _____ day of