

MINISTRY OF DEFENCE
(DEPARTMENT OF DEFENCE)
[ACQ WING SECRETARIAT]

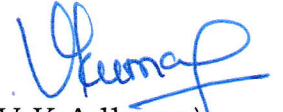
Subject: Standard Operating Procedure (SOP) for confirmation of Bank Guarantees of Foreign Banks submitted by Foreign Seller/ Bidders under DAP 2020.

Article 1.4.1 of Chapter VI (Standard Contract Document) and Para 1.3.5.1 of Appendix M to Schedule I to Chapter II of DAP 2020 pertains to Bank Guarantees (BGs) submitted by foreign sellers/ bidders.

2. An SOP prepared for confirmation of Bank Guarantees of Foreign Banks submitted by Foreign Seller/ Bidders under DAP 2020 is forwarded herewith..

3. This issues with the concurrence of Ministry of Defence(Finance) vide their Note No. 216/DFA (N-Acq) dated 07.09.2021 and approval of DG(Acquisition).

Encl: As above



(V.K.Adhana)
Director(Acq)

Telefax: 23792865

JS&AM(LS)

JS&AM(MS)

JS&AM(Air)

ADG Acq Tech(Army)

ADG Acq Tech(M&S)

ADG Acq Tech(Air)

FM(LS)

FM(MS)

FM(Air)

ADGCD

ACNS(P&P)

ACAS(Plans)

DDG(P&P), ICG

MoD ID No. 4(4)/D(Acq)/20 (Pt.) dated 14.09.2021

- Copy to: (i) SO to Defence Secretary
(ii) PPS to FA(DS)
(iii) PPS to DG(Acq)
(iv) PPS to AS&FA(Acq)

Copy also to: US, D(IT) , Room No. 217, 'B' Wing, Sena Bhawan for uploading this ID on MoD website immediately.

**SOP for confirmation of Bank Guarantees of Foreign Banks
submitted by Foreign Seller/Bidders under DAP 2020**

1. Article 1.4.1 of Chapter VI (Standard Contract Document) and Para 1.3.5.1 of Appendix M to Schedule I to Chapter II of DAP 2020 pertains to Bank Guarantees (BGs) submitted by foreign sellers/ bidders, and stipulates that the BGs shall be from any Indian Public or Private Scheduled Commercial Bank (as notified by RBI) or First Class banks of International repute whose details have to be furnished in the Commercial bid.
2. In respect of BGs from International Banks, the above-mentioned Article/ Para also provides right to the buyer to seek confirmation of the BG through a counter-guarantee from an Indian bank, where required, at seller's/bidder's cost.
3. In order to ascertain whether a BG of any foreign bank submitted by a foreign seller/ bidder is from a bank of international repute and whether it is required to be confirmed by an Indian bank, MoD is assisted by the Parliament Street Branch of SBI. The steps involved are as under:
 - (i) On receipt of BG of a foreign bank from a foreign bidder/ vendor, the BG will be referred to SBI, Parliament Street Branch, New Delhi, for seeking advice on whether to accept the same without need for confirmation of the BG by a local bank;
 - (ii) SBI will render its advice within 07 days from the receipt of reference from MoD. The advice will be based on information such as (a) rating of the BG issuing bank including its assets, ownership, etc. and (b) the country of BG issuing bank;
 - (iii) In case the BG is from a bank of international repute and SBI advises MoD to accept the BG without need for confirmation of the BG by a local bank, the BG of the foreign bank will be accepted by MoD;

(iv) In case SBI advises that the BG is not from a bank of international repute and states that confirmation of a local bank is required to be obtained by MoD:

(a) MoD will ask the bidder/ vendor to instruct its banker to mutually settle the issue of BG with SBI, and if settled, SBI will advise MoD accordingly; and

(b) In case the bidder's/ vendor's bank is unable to settle the issue with SBI, the matter will be referred back to MoD by SBI. In such cases, MoD will seek confirmation of the BG through a counter-guarantee by an Indian Public or Private Scheduled Commercial Bank, at bidder's/ vendor's cost.

4. The advice/ information given by SBI will be for the sole purpose of internal use by MoD. It will be kept confidential, and will not, without prior consent of SBI, be disclosed by MoD in any manner. Also, it will not be used for a purpose other than the purpose for which it is given. During evaluation, MoD may also rely on facts and information not available with SBI.

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