



**PHD Research Bureau**  
PHD Chamber of Commerce and Industry



## **Simplified Procedure for confirmation of Bank Guarantees of Foreign Banks in Capital Acquisitions under Defence Acquisition Procedure (DAP)- 2020**

The Acquisition wing of Ministry of Defence has promulgated a Standard Operating Procedure (SOP) to facilitate clarity in procedure to be followed by the Buyer in respect of Bank Guarantees (BGs) submitted by the bidders from international banks. This will facilitate timely conclusion of contracts in procurement cases involving BGs from foreign banks. For Bank Guarantees from international banks, Defence Acquisition Procedure provides right to the Buyer to seek confirmation of the BG from an Indian Bank, where required, at bidder's cost. A SOP has been issued on the steps to be followed by the Buyer for seeking advice of SBI, Parliament Street Branch, New Delhi with regard to the requirement of confirmation of such BGs. If required, the confirmation of foreign bank's Bank Guarantees will be through a counter-guarantee by an Indian Public or Private Scheduled Commercial Bank at the bidder's cost.

The Defence Acquisition Procedure (DAP) 2020 provides for submission of various Bank Guarantees (BGs) viz. Advance Payment Bank Guarantee (APBG), Additional Bank Guarantee (ABG), Performance cum Warranty Bank Guarantee (PWBG) etc by the Sellers for discharge of various contractual obligations. These BGs can be from any Indian Public or Private Scheduled Commercial Bank (as notified by RBI) or First Class banks of international repute.

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Warm Regards,

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