

13. ACCEPTANCE OF BANK GUARANTEE

(CVC Circular No.31/08/10 issued vide letter No.008/CRD/013 Dated 13th August 2010)

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(a) Acceptance Of Bank Guarantee

A number of instances have come to the notice of the Commission where forged / fake bank guarantees have been submitted by the contractors / suppliers. Organizations concerned have also not made any effective attempt to verify the genuineness / authenticity of these bank guarantees at the time of submission.

In this background, all organizations are advised to streamline the system of acceptance of Bank Guarantees from contractors / suppliers to eliminate the possibility of acceptance of any forged / fake bank guarantees.

The guidelines on this subject issued by Canara Bank provides for an elaborate procedure, which may be found helpful for the organizations in eliminating the possibility of acceptance of forged / fake bank guarantees. The guidelines issued by Canara Bank provide that:-

"The original guarantee should be sent to the beneficiary directly under Registered Post [AD]. However, in exceptional cases, where the guarantee is handed over to the customer for any genuine reasons, the branch should immediately send by Registered Post [AD] an unstamped duplicate copy of the guarantee directly to the beneficiary with a covering letter requesting them to compare with the original received from their customer and confirm that is in order. The AD card should be kept with the loan papers of the relevant guarantee.

At times, branches may receive letters from beneficiaries viz central / state Governments, public sector undertakings, requiring bank's confirmation for having issued the guarantee, branches must send the confirmation letter to the concerned authorities promptly without fail

4. Therefore, all organizations are advised to evolve the procedure for acceptance of BGs, which is compatible with the guidelines of Banks / Reserve Bank of India.

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