



Press Release

NHAI STARTS ACCEPTING ELECTRONIC BANK GUARANTEES

New Delhi, 02 November 2022: To further improve efficiency and transparency of internal processes and take forward the adoption of digital technology, NHAI has started accepting Electronic Bank Guarantees (E-BGs) and has also digitalized all its existing Bank Guarantees. NHAI is utilizing the E-BG services of National e-Governance Services Limited (NeSL), which facilitates reduction in physical paper movement, elimination of physical storage needs and easy access for Bank Guarantee life cycle events like invocation, renewal and closure. Few E-BGs have already been issued by the Banks in favour of NHAI.

Smt. Alka Upadhyaya, Secretary, Ministry of Road Transport and Highways & Chairperson, NHAI said, "Keeping in view the advantages of E-BGs, we encourage the concessionaires to adopt E-BGs. This is in line with the spirit of 'Digital India'. E-BGs promote transparency, brings in several efficiencies and provide ease of doing business to our stakeholders."

Bank Guarantee (BG) is a commercial instrument used as a legal contract in which a bank acts as a guarantor and undertakes an obligation to pay the beneficiary a certain amount of money specified in the guarantee if the debtor from the original contract does not fulfill his contractual obligations. Organizations like NHAI require BG, generally for faithful fulfillment of contractual obligations. The physical form of the BG presents challenges like time consuming verification process and possibility of frauds. However, NHAI has been dealing with BG related issued and challenges effectively and efficiently through its internal processing mechanism.

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