



Press Release

NHAI Organises Workshop on Implementation of Insurance Surety Bonds in National Highway Contracts

New Delhi, 15th May 2024: NHAI organised a workshop in New Delhi on implementation of Insurance Surety Bonds (ISB) for NHAI contracts. The objective of this workshop was to review the progress made in implementation of Insurance Surety Bonds and encourage participation from the stakeholders for wider adoption of the instrument. The workshop was addressed by Shri Rajendra Kumar, Member (Finance) NHAI; Shri A. K. Singh, CGM (Finance) NHAI; Shri N. B. Sathe, Advisor, NHAI; and Smt. Mandakini Balodhi, Director, Department of Financial Services. The workshop was attended by representatives from various Central Government Ministries & Departments, Insurance Companies, Highway Operators Association of India (HOAI) and National Highways Builders Federation (NHBF).

Ministry of Finance, Government of India has made Insurance Surety Bonds at par with Bank Guarantees for all Government procurements and NHAI has been urging insurance companies and contractors to use Insurance Surety Bonds as an additional mode of submitting Bid Security and /or Performance Security. NHAI has so far received 164 Insurance Surety Bonds consisting of 20 bonds for Performance Security and 144 Bonds for bid securities.

As per the information shared at the workshop, around 700 Insurance Surety Bonds valued at around Rs. 3,000 crores have been issued by different insurance companies so far. Recognizing the potential of ISB, the panelists during the workshop advocated for a wider adoption of the financial instrument for awarding of NHAI contracts. The workshop also outlined various challenges and deliberated on possible measures that can be taken for faster adoption of the instrument.

Insurance Surety Bonds is a financial instrument, where insurance companies act as 'Surety' and provides the financial guarantee that the contractor will fulfil its obligation as per the agreed terms. Wider adoption of such instruments will help to strengthen infrastructure development in the country.

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