

Guarantee the project. Free your working capital.

A collateral-free alternative to bank guarantees for India's contractors and MSMEs.

WHY INDIA NEEDS SURETY BONDS

30–40%

of a contractor's working capital is blocked by bank guarantees, limiting growth.

BLOCKED

Available for growth

\$1.4 trillion

planned under India's National Infrastructure Pipeline (FY20–25).



Infrastructure grow

₹4–5 lakh cr

lost every year to project delays from contractor defaults

30%

of GDP comes from MSMEs, who struggle to secure bank guarantees

\$17 bn

US surety bond market; India is in early stages of adoption

95%+

project completion rates in global surety markets

How a surety bond works



Contractor

Insurer (Surety)

Project Owner

Regulated by IRDAI

Used in infrastructure & govt contracts

Supports India's Ease of Doing Business

Bank Guarantee vs Surety Bond

FEATURE	 Bank Guarantee	 Surety Bond
Nature	Instrument issued by a bank	Insurance product issued by insurer
Collateral	Collateral or margin money required	No collateral; risk-assessed
Working capital	Blocked by collateral requirements	Freed up for contractors
Risk bearer	Bank pays if conditions are met	Surety pays only in case of default
Regulation	RBI & banking regulations	IRDAI, under insurance laws
Usage	Contracts, trade finance & guarantees	Infra, construction & govt contracts
Claim payment	Immediate, upon demand	After verifying default & loss
Cost	Higher: collateral + interest charges	Lower premiums
Flexibility	Limited: stringent banking norms	Customised solutions

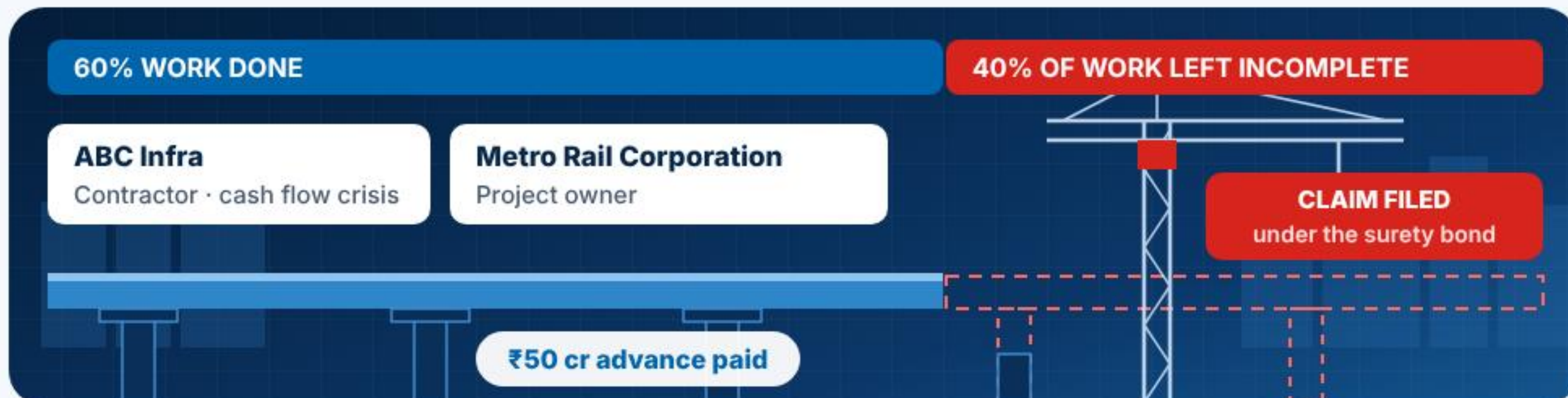
4 TYPES OF BONDS ACROSS A PROJECT



SURETY BONDS ALSO PROVIDE

- ✓ Cover for delays, quality issues & contract breaches
- ✓ Payment protection for subcontractors, suppliers & workers
- ✓ Legal & compliance support on contract obligations

When a contractor defaults



- Investigation**
The surety assesses the situation and confirms the contractor can't fulfil the contract.
- Compensate or complete**
Surety pays the **₹20 cr bond value** to Metro Rail, **OR** appoints **another contractor** to finish within budget.
- Recovery**
Surety recovers the claim from **ABC Infra** through legal means, keeping the contractor accountable.

FINAL OUTCOME	Metro Rail	ABC Infra	Surety
	No financial loss; project continues	Bears consequences, avoids complete bankruptcy	Ensures completion, recovers the claim

Apply with Share India: documents required

COMPANY

- Duly filled proposal form
- Corporate presentation
- Key personnel & technical capability
- Contractor's licence (PWD or equivalent, for infra)

TRACK RECORD

- Past completed & present projects
- Future orders

FINANCIALS

- Last 5 years' financials (each JV partner)
- Credit rating certificate
- Current BG facilities: rate, collaterals, cash margins

THIS PROJECT

- Work order / tender bid document
- Contract / RFP or relevant surety clauses
- Financing sources for the project

Rating from a leading CRA:

CRISIL

ICRA

CARE

Acuité

Brickwork

India Ratings

INFOMERICS

Unlock your working capital.

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