Ministry of Road Transport & Highways

Insurance Surety Bonds for NHAI Contracts Crosses Rs. 10,000 Crore Landmark

Posted On: 11 SEP 2025 3:59PM by PIB Delhi

Achieving a major milestone, Insurance Surety Bonds (ISB) issued by the insurance companies for NHAI contracts has crossed Rs. 10,000 crore landmark. Till July 2025, 12 insurance companies have issued around 1,600 ISBs as ‘Bid Security’ and 207 ISBs as ‘Performance Security’ valued at around Rs. 10,369 crores for NHAI contracts. NHAI has been encouraging the use of Insurance Surety Bonds as an additional mode of submitting Bid Security and/or Performance Security Deposit.

In a bid to further promote wider adoption of Insurance Surety Bonds (ISB) and Electronic Bank Guarantee (eBG), a workshop was organized by NHAI in New Delhi. The session was chaired by Shri N.R.V.V.M.K Rajendra Kumar, Member (Finance), NHAI; Shri Nilesh Sathe, Former Member, IRDA; Senior NHAI Officials, industry experts and representatives of various insurance and finance companies participated in the workshop.

Insurance Surety Bonds are instruments where insurance companies act as ‘Surety’ and provide the financial guarantee that the contractor will fulfil its obligation as per the agreed terms. The Ministry of Finance, Government of India has made e-BG and Insurance Surety Bonds at par with BGs for all Government procurements. The Insurance Surety Bonds, when issued, would be cost effective and provide adequate security for NHAI projects.

As India is poised to become the world’s third largest construction market, the requirement of Bank Guarantees in the Indian Infrastructure Sector is expected to grow by 6 to 8 percent Year on Year basis. Surety Bonds act as a viable alternative to Bank Guarantees. ISB are cost-effective and could provide substantial relief for the Infrastructure Sector.

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(Release ID: 2165663)