

SHRI NITIN GADKARI LAUNCHES FIRST-EVER 'SURETY BOND INSURANCE' FOR INFRASTRUCTURE PROJECTS

Relevant for: Indian Economy | Topic: Infrastructure: Roads

Union Minister for Road Transport and Highways Shri Nitin Gadkari launched one of India's first-ever Surety Bond Insurance product from Bajaj Allianz.

Commenting on the product launch, Shri Gadkari said "India is well on its path to becoming a \$ 5 Trillion economy and achieving the dream of our honourable Prime Minister, Shri Narendra Modi Ji; insurance will play an important role in this growth. To realize Modi Ji's dream, it is important that infrastructure projects are executed at a faster speed; infrastructure, and notably roads, are vital to the economic and social growth of our country. With this new instrument of Surety Bonds, the availability of both liquidity and capacity will definitely be boosted; such products stand to strengthen the sector. We are confident that expanding our road network will lead to more prosperity, increased employment opportunities, and increased social connectivity. Surety Bond Insurance is the right step in this direction, I am glad to see that Bajaj Allianz General Insurance has taken the great initiative by launching this important product."

Surety Bond Insurance will act as a security arrangement for infrastructure projects and will insulate the contractor as well as the principal. The product will cater to the requirements of a diversified group of contractors, many of whom are operating in today's increasingly volatile environment. The Surety Bond Insurance is a risk transfer tool for the Principal and shields the Principal from the losses that may arise in case the contractor fails to perform their contractual obligation. The product gives the principal a contract of guarantee that contractual terms and other business deals will be concluded in accordance with the mutually agreed terms. In case the contractor doesn't fulfil the contractual terms, the Principal can raise a claim on the surety bond and recover the losses they have incurred. Unlike a bank guarantee, the Surety Bond Insurance does not require large collateral from the contractor thus freeing up significant funds for the contractor, which they can utilize for the growth of the business. The product will also help in reducing the contractors' debts to a large extent thus addressing their financial worries. The product will facilitate the growth of upcoming infrastructure projects in the country.

Launching Surety Bond Insurance product by Bajaj Allianz <https://t.co/RxcncqcWaE>

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