

No. 2/76/2012-Infra-Fin
Government of India
Ministry of Finance
Department of Economic Affairs

North Block, New Delhi
Dated 12th February, 2014

OFFICE MEMORANDUM

Subject: Operationalisation of Infrastructure Debt Funds (IDF) – Removal of Certain impediments- Clarification, regarding.

Cabinet Committee on Economic Affairs (CCEA) had inter-alia approved that the Guarantee Fee payable to the Concession Authority may be capped at 0.05% p.a. of outstanding debt financed by the IDF NBFC for three years from now.

2. In pursuance of the approval of the CCEA, notification of even number dated 30 October 2013 was earlier issued clarifying that the Para 4.1 of the Model Tripartite Agreement shall read as under:

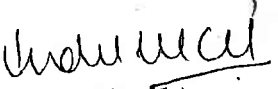
Para 4.1: The Debt Fund shall pay to the Authority, 0.05% (zero point zero five percent) per annum of the higher of the nominal value of Bonds or the principal outstanding against such Bonds, by way of a guarantee fee in consideration of the obligations of the Authority hereunder; [provided that the guarantee fee shall be 1% (one per cent) in respect of Bonds for which the foreign exchange risk is to be borne by the Concessionaire][provided further that the guarantee fee for and in respect of the additional Bonds specified in Paragraph 2.1 shall be 3% (three percent per annum of the nominal value thereof].

3. Pursuance to clarifications sought on the issue, it is hereby clarified that this fee percentage shall be fixed and not be negotiable. This fee percentage shall be reviewed after three years or earlier, if required, by the Inter-Ministerial Group under Secretary (EA) as approved by the Cabinet. Accordingly, the Para 4.1 of the Model Tripartite Agreement shall read during this period (till it is reviewed by the Inter-Ministerial Group) as under:

Para 4.1: The Debt Fund shall pay to the Authority, 0.05% (zero point zero five percent) per annum of outstanding debt financed by the IDF NBFC, by way of a guarantee fee in consideration of the obligations of the Authority hereunder; [provided that the guarantee fee shall be 1% (one per cent) in respect of Bonds for which the foreign exchange risk is to be borne by the Concessionaire][provided further that the guarantee fee for and in respect of the additional Bonds specified in Paragraph 2.1 shall be 3% (three percent per annum of the nominal value thereof].

4. The revised guarantee fee percentage is applicable for a period of three years with effect from 30 October 2013. It shall be reviewed after three years or earlier, if required, by the Inter-Ministerial Group under Secretary (EA) as approved by the Cabinet for modifications in the MTA.

This issues with the approval of Secretary (EA).


(I.P. Singh)
Director (Infra-Fin)
Tele: 2309 2912

To:

1. Secretary, Ministry of Road Transport and Highways
2. Secretary, Planning Commission
3. Secretary, Department of Financial Services
4. Deputy Governor, RBI
5. Additional Secretary (Capital Market), DEA
6. NIC- for uploading on the Department's Website