

F. No. 12(4)-B(SD)/2021
Government of India
Ministry of Finance
Department of Economic Affairs
Budget Division

Room No. 221-A, North Block,
New Delhi, the 23rd April 2021

OFFICE MEMORANDUM

**Subject: Review of Existing Government Guarantees as per GFRs -
reg.**

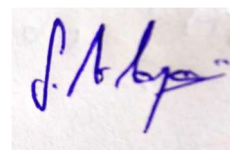
Rule 281 of GFRs provides that Financial Advisers should review Govt. guarantee issued by the Ministries/Depts. annually and furnish review report to this Department by 30th April every year. They are also required to furnish data on guarantees in GFR 25 format by 10th April every year. The review which needs to be undertaken by the respective Financial Advisers should address the following aspects:

- i. The review should cover the period from 01.04.2020 to 31.03.2021. For the purpose of examining correctness of guarantee fee payment, outstanding payment of principal and interest as on 31.03.2020 should be reckoned to apply the admissible rate of guarantee fee. The amount of guarantee fee so calculated should be paid on 01.04.2020 in advance for the period of review i.e. 01.04.2020 to 31.03.2021.
- ii. Review should be conducted at the level of Financial Adviser of the respective Min./Deptt.
- iii. Review should be conducted for all guarantees given by the Min./Deptt. and a consolidated report should be furnished to Budget Division (Ministry of Finance).
- iv. Report should say whether the borrower is discharging repayment and interest obligations as per terms of loan. If not, corrective measures taken/being taken by the Min./Deptt. are to be indicated in the review report.
- v. Whether all covenants and conditions of loan and guarantee are being followed by the borrower.
- vi. Whether the borrower has paid correct amount of guarantee fee to the Govt. (to be assessed with reference to the approval of guarantee fee rate given by the Govt.).
- vii. Whether the guarantee fee has been paid on time. Guarantee fee is to be paid initially before giving guarantee and thereafter on 1st April every year in advance. Delayed payment attracts penal guarantee fee i.e. double the normal guarantee fee for the period of delay/default.
- viii. Whether the Min./Deptt. is maintaining the register and records of guarantees.

2. Annual Review reports submitted by Ministries/Depts. should address the above aspects and must include information as per Form GFR 25 (copy enclosed) indicating outstanding guarantees as on 31.03.2021. It must be ensured that all the columns of Form GFR 25 needs to be religiously filled against each individual guarantee taken by the Ministry/Deptt. Ministries/Depts.

3. Ministries/Departments are also requested to ensure that information provided by them as per GFR 25 (indicating outstanding guarantees as on 31.03.2021) should tally with the information which would be provided to Office of Controller General of Accounts in relation to Statement No. 4 for preparation of Union Finance Accounts. Further, in case revised statement will be furnished to Office of CGA, copy of the same may be marked to Budget Division.

4. Ministries/Depts. are, therefore, again requested to conduct annual review of guarantees covering the points highlighted above and submit the review reports latest by 30.04.2021 positively. Reports may be submitted via email at raja.sr@nic.in/nikesh.mudgal@nic.in.



(S. R. Raja)

Under Secretary to the Government of India

Telefax: 23094966/raja.sr@nic.in

Encls: A/a

To

1. The Financial Advisers,
 - i. Ministry of Agriculture, Cooperation and Farmer's Welfare, Krishi Bhawan, New Delhi.
 - ii. Ministry of Chemical & Fertilizers, D/o Pharmaceuticals, Shastri Bhawan, New Delhi.
 - iii. Ministry of Civil Aviation, B Wing, Rajiv Gandhi Bhawan, New Delhi.
 - iv. Ministry of Coal, Shastri Bhawan, New Delhi.
 - v. Department of Commerce, Udyog Bhawan, New Delhi.
 - vi. Department of Economic Affairs, North Block, New Delhi.
 - vii. Ministry of External Affairs, South Block, New Delhi.
 - viii. Department of Financial Services, Jeevandeep Building, Parliament Street, New Delhi.
 - ix. Department of Food & Public Distribution, Krishi Bhawan, New Delhi.
 - x. Ministry of Housing and Urban Affairs, Nirman Bhawan, New Delhi.
 - xi. Ministry of Micro, Small & Medium Enterprises, Udyog Bhawan, New Delhi.

- xii. Ministry of New and Renewable Energy, Block No. 14, CGO Complex, Lodhi Road, New Delhi.
 - xiii. Ministry of Power, Shram Shakti Bhawan, Rafi Marg, New Delhi.
 - xiv. Ministry of Road Transport & Highways, Parivahan Bhawan, Parliament Street, New Delhi.
 - xv. Department of Revenue, North Block, New Delhi.
 - xvi. Ministry of Railways, L&F Division, Railway Board, Rail Bhawan, New Delhi.
 - xvii. Ministry of Steel, Udyog Bhawan, New Delhi.
 - xviii. Department of Telecommunications, Ministry of Communications & Information Technology, Sanchar Bhawan, 20, Ashoka Road, New Delhi.
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- 2. JS (BC), DEA (in respect of counter guarantee issued to MMRDA, Maharashtra).
 - 3. US (IF-I), DEA (in respect of guarantees given by various credit Divisions of DEA).