

F. No. 12(9)-B(SD)/2019
Government of India
Ministry of Finance
Department of Economic Affairs
Budget Division

Room No. 221-A, North Block,
New Delhi, the 15th April, 2019

OFFICE MEMORANDUM

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

Government Guarantees are contingent liabilities and have the potential to impact the fiscal performance of the Government of India. The existing Govt. guarantees given by the Ministry/Department ought to be monitored closely through out the year and reviewed annually to take corrective actions wherever necessary to avoid situations of invocation. Sub-Rules (1), (2) & (3) of Rule 281 of GFRs, 2017 prescribe the manner of review of Government Guarantee, to be undertaken by the respective Financial Adviser of the Ministry/Deptt.

2. All the Financial Advisers are requested to undertake thorough review of guarantees given by their respective Ministry/Deptt. to CPSUs/Entities under its control. The review should include the following aspects, in addition to other aspects as prescribed under Rule 281 of GFRs and as deemed fit by the Department:

- (i) Whether the borrower is discharging repayment obligations or interest obligations as per terms of the loan agreement.
- (ii) Whether the repaying capacity for the loan and guarantee amount is impaired in any manner, and
- (iii) Whether all covenants and conditions are being religiously followed.
- (iv) Whether the CPSEs/entities have paid due guarantee fee on time to the Government.

3. Rule 281(2)(v) of GFRs provides that the Financial Adviser should ensure submission of data as per Form GFR 25 to Budget Division by 10th April every year. However, this Office has not received data from any Ministry/Deptt.

4. It is, therefore, requested to undertake the **annual review** and arrange to submit the **review report** along with the **guarantee data** as per Form GFR 25 to the Budget Division (DEA) at the earliest, not later than 30th April, 2019.


(Manoj Kumar Jangir) 15/4/2019

Under Secretary to the Govt. of India
Telefax: 23094966/manoj.jangir@nic.in

To

The Financial Advisers (All Central Ministries/Deptts.)