

F. No. 12(10)-B(SD)/2009
Ministry of Finance
Department of Economic Affairs
Budget Division

North Block, New Delhi, 18th March, 2014

OFFICE MEMORANDUM


Subject:- Waiver of Guarantee Fee procedure thereof.

The undersigned is directed to state that Ministry of Finance has been approving Guarantee with waiver of Guarantee Fee either in full or part. As per the extant rules, Guarantee Fee is leviable @ 1.2% in respect of External borrowings and @ 1% in respect of Domestic borrowings. Guarantee Fee is payable in advance every year by the Public Sector Undertaking whose loan are guaranteed by GOI.

2. Waiver of Guarantee Fee is an expenditure of the Government of India as it represents revenue foregone. Therefore, the same has to be classified in the Government Account be debiting the appropriate Account head and assuming contra receipt under the Receipt Head. For this purpose approval of Parliament seeking appropriation towards expenditure is essential.

3. In the context of the above, it is seen that some of the Ministries/ Departments are not seeking prior approval of Parliament to regulate the waiver of Guarantee Fee in full or part. It is, therefore, requested that in future all the Ministries/ Departments may kindly regulate the waiver of Guarantee Fee by obtaining Parliament's approval either by making necessary budgetary provision in the Expenditure Budget for the year or by obtaining Supplementary Budget otherwise.

4. Receipt of this letter may be acknowledged.


(Dr. Rajat Bhargava)
Joint Secretary (Budget)

To:

1. The Financial Advisors, all Ministries/ Departments.
2. CGA, Department of Expenditure for issuing necessary policy instructions to all CCAs, working in various Ministries / Departments.
3. CAAA, CCA/ Finance.

SD section
Please upload on website.

June
20/3/2014

WIC