



सां/No. : 5-1(429)/2017-PD

दिनांक/Dated: 12.08.2022

प्रेषक / From : संयुक्त सचिव (प्रशासन)
Joint Secretary (Admn.)

सेवा में / To : सी.एस.आई.आर. की सभी राष्ट्रीय प्रयोगशालाओं/संस्थानों/मुख्यालय/एककों के निदेशक/प्रधान
The Directors/Heads of all CSIR National Labs./Instts./Hqrs./Units

विषय/ Sub : Amendment in Appendix 12 – “Rates of Guarantee Fee” of GFRs 2017 in respect of Government Guarantee Policy, 2022-reg.

महोदया/Madam / महोदय/Sir,

मुझे, उपरोक्त विषय पर भारत सरकार, वित्त मंत्रालय, व्यय विभाग के दिनांक 20.07.2022 के कार्यालय ज्ञापन सं 08(18)/2021-E.II.A को आपकी जानकारी, मार्गदर्शन और अनुपालन के लिए अग्रेषित करने का निदेश हुआ है।

I am directed to forward herewith the Government of India, Ministry of Finance, Department of Expenditure, Office Memorandum No. 08(18)/2021-E.II.A dated 20.07.2022 on the above mentioned subject for your information, guidance and compliance.

भवदीय/Yours faithfully,

अवर सचिव (नीति प्रभाग)/ Under Secretary (PD)

संलग्न/Encl. : यथोपरि/As above

प्रतिलिपि/Copy to:

- 1) सी.एस.आई.आर. वेबसाइट/ CSIR Website
- 2) कार्यालय प्रति/Office copy.

F. No. 08(18)/2021/E.II.A
Government of India
Ministry of Finance
Department of Expenditure

North Block, New Delhi
Dated 20th July, 2022


OFFICE MEMORANDUM

Subject: Amendment in Appendix 12 – “Rates of Guarantee Fee” of GFRs 2017 in respect of Government Guarantee Policy, 2022-reg.

The undersigned is directed to state that following amendment to “Rates of Guarantee Fee” (Appendix 12 of GFR, 2017) vide Government Guarantee Policy, 2022, the contents of Appendix 12 to GFR, 2017 are made as per Annexure.

2. This issues with the approval of Competent Authority.

Encl.: As above


(Sunil Kumar)

Under Secretary to the Government of India

To

Secretaries/ Financial Advisers of all Ministries/ Departments of Government of India.

Copy to:

D/o Economic Affairs, Budget Division, (Shri S.R. Raja, Under Secretary) with reference to their O.M.No.12(13)-B(SD)/2020-Part dated 10th June, 2022

APPENDIX- 12

[See Rule 279(1)]

RATES OF GUARANTEE FEE

Guarantee fees based on credit score and tenor for Domestic as well as external borrowings

	Less than or equal to 5 years	More than 5 years
Category A	0.5	0.6
Category B	0.7	0.9

Suggested Framework for Risk assessment of Guarantee proposals

Ministries/Departments are required to undertake risk assessment of the proposals received from CPSUs before sending them to Ministry of Finance. Following ratios may be calculated for assessing the risk:

- i) **Debt Service Coverage Ratio:** It indicates the ability of a company to use its operating income to repay all its debt obligations, including repayment of principal and interest on both short-term and long-term debt.

$$\frac{\text{Earnings before Interest, Tax, Depreciation \& Amortization (EBITDA)}}{\text{Interest + Principal}}$$

Category A	Category B
More than or equal to 1.25	Less than 1.25

- ii) **Current Ratio (CR):** It depicts the ability to meet short-term liabilities from selling short-term assets, and calculated as under:

$$\frac{\text{Current assets}}{\text{Current liabilities}}$$

Smith

Category A	Category B
More than or equal to 1.5	Less than 1.5

iii) **Debt to Equity Ratio (D/E):** It depicts the ability to pay off debt in future and calculated as under:

$$\frac{\text{Total liabilities}}{\text{Shareholders' equity}}$$

Category A	Category B
Less than or equal to 1	More than 1

Overall Risk Rating	Less than or equal to 1.5	More than 1.5
	Category A	Category B

Example: The above framework has been illustrated as under:

	DSCR*	D/E*	CR*	Calculation= Average of (Ratings Assigned)	Overall risk rating
Company 1	1.75	0.25	2.10	$= 1 (1+1+1)/3$	Category A
Company 2	1.20	1.20	1.50	$= 1.67(2+2+1)/3$	Category B
Company 3	0.90	1.80	0.80	$= 2 (2+2+2)/3$	Category B

Note: Overall Risk Rating shall be calculated by taking simple mean of all the ratios by assigning 1 and 2 values to 'A or 'B' category.

*Three years' average ratio may be considered for calculating the overall risk rating.