

No.32/9/2022-SCS/E-File/10622

Dated: - 16-08 - 2022

**पुष्टांकन / ENDORSEMENT**

**विषय /:** Amendment in Appendix 12 - "Rates of Guarantee Fee"  
**Subject:** of GFRs 2017 in respect of Government Guarantee  
Policy, 2022 - regarding.

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उपरोक्त विषय पर वित्त मंत्रालय, नई दिल्ली से प्राप्त दिनांक 20.07.2022 के कार्यालय  
ज्ञापन संख्या 08(18)/2021/E.II.A की एक प्रति सूचना एवं आवश्यक कार्रवाई हेतु अग्रेषित है।

A copy of Office Memorandum No.08(18)/2021/E. II. A dated 20.07.2022  
received from Ministry of Finance, New Delhi on the above-mentioned subject is forwarded  
for information and necessary action.

2. इसे सक्षम प्राधिकारी के अनुमोदन से जारी किया जाता है।

This issues with the approval of competent authority.

संलग्न / Encl.: 3 Pages



(Bipin Kurup / बिपिन कुरुप)

अवर सचिव (एस. सी. एस) / Under Secretary (S.C.S)

पऊवि के सभी संघटक इकाईयों / सार्वजनिक क्षेत्र के उपक्रमों / सहायता प्राप्त संस्थानों के प्रशासनिक प्रधान

**All Administrative Heads of Constituent Units/PSUs/Aided Institutions of DAE.**

**प्रतिलिपि / Copy to:**

- पऊवि के सभी अधिकारी एवं अनुभाग / All Officers & Sections in DAE Secretariat.-DARPAN
- सचिव, स्टाफ साइड, पऊवि विभागीय परिषद् / Secretary, Staff Side, DAE Departmental Council.
- E- फाइल संख्या / 32/9/2022-SCS/E-File.
- Guard File: 69

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

North Block, New Delhi  
Dated 20<sup>th</sup> 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 10<sup>th</sup> 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:

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

सचिव, परमाणु ऊर्जा विभाग  
Secretary, DAE  
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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.

*[Signature]*

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