

**Revised Model Scheme for Constitution and
Administration of the Guarantees Redemption
Fund of Government of Tripura.**



TRIPURA



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PART -- I -- Orders and Notifications by the Government of Tripura,
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GOVERNMENT OF TRIPURA
FINANCE DEPARTMENT
(BUDGET BRANCH)

No.F.23(10)-FIN(B)2003(P)

Dated, Agartala, the 8th August, 2014**NOTIFICATION**

**Revised Model Scheme for Constitution and Administration of the
Guarantees Redemption Fund of Government of Tripura.**

- Title of the Scheme** 1. The Scheme shall be called 'Guarantees Redemption Fund Scheme' (hereinafter referred to as 'the Fund').
- Constitution of the Fund** 2. A 'Guarantees Redemption Fund' shall be constituted by the Government of Tripura (hereinafter called the Government) for meeting its obligations arising out of the Guarantees issued on behalf of State level bodies.
- The Fund shall be constituted in the Public Account and classified under the Head 8235-Central and other Reserve Funds-117 Guarantees Redemption Fund in the accounts of the Government.
- Objective of the Scheme** 3. The Fund shall be utilized for meeting the payment obligations arising out of the guarantees issued by the Government in respect of bonds issued and other borrowings by the State Level Under takings or other bodies invoked by the 'beneficiaries'.

Explanation

- (a) The accumulations in the Fund shall be utilized only towards the payment of the guarantees issued by the Government and invoked by the beneficiary and not paid by the institution on whose behalf guarantee was issued.

Provided that the net incremental annual investment of State (i.e. outstanding balance over and above the level in the corresponding period of the previous year) shall be eligible for availing Special Drawing Facility from the Reserve Bank of India (hereinafter referred to as the Bank) such that the availment of Special Drawing Facility under this provision does not exceed the Normal Special Drawing Facility limit fixed by the Bank.

**Commencement of
the Operation of the
Scheme**

4. It shall come into force with effect from the financial year 2014-15.

Contribution to The Fund 5. (a) The Fund shall be set up by the Government with an initial contribution of Rs. 1(one) crore determined on the basis of guarantees invoked during the preceding 3 to 5 years. The balance in the Fund shall be increased with contributions made annually or at lesser intervals, so as to reach the level deemed sufficient to meet the amount of anticipated guarantees devolving on the Government as a result to the likely invocation outstanding guarantees in the succeeding 5 years.

(b) During each year the Government shall contribute an amount equivalent at least to 1/5th of the outstanding invoked guarantees plus an amount of guarantees likely to be invoked ad result of the incremental guarantees issued during the year.

(c) It is open to the Government to increase the contribution to the Fund at its discretion. In order to enable transfer of the total amount of contribution to the Fund, the Government would make suitable Budget provision on the expenditure side of their budget under the Head "2075-Miscellaneous General Services-797 Transfer to Reserve Fund and Deposit Accounts-Guarantees Redemption Fund".

(d) The Government shall not fund its contribution to the Fund out of borrowings from the Bank.

Relationship of the Fund with General Revenues/Public Account

6. (a) The Corpus of the Fund comprises an initial amount demarcated by the Government, annual or other contributions made by the Government there to as also periodic accretions by way of Guarantee Commission collected from the institutions in respect of whose bonds/obligations, the Government had issued the guarantee, in addition to the income accruing to the Fund.

(b) The Fund shall be kept outside the General Revenues of the Government and shall be utilized only in the manner prescribed in this Scheme.

Administration of The Fund

7. The Fund shall be administered by Central Accounts Section of the Bank, subject to such directions/instructions as the Government may issue from time to time.

Investment of the Corpus of the Fund

8. The accretions to the Fund shall be invested in Government of India Securities of such maturities as the Bank may determine from time to time in consultation with the Government. The Bank shall make available the securities for investment either from its own investment portfolio or by acquiring the securities from the secondary market. Without loading any charge other than that indicated in paragraph II.

Accounting
Transactions

9. (a) The responsibility for the administration of the Fund will rest with the Government. The Government will decide all matters connected with the Investment of the corpus of the Fund, reinvestment/dis-investment, obligations and application of the Fund, etc.

(b) The Government will from time to time, issue instructions to the Bank. The Bank will immediately arrange to make the necessary investment. The Bank would scroll to the Government the debit on account of the investment and other incidental charges like brokerage, commission etc. in the usual course. However, in order to ensure that the investment transaction of the Fund do not get mixed up with other transactions, these may be indicated distinctly in separate scrolls.

(c) On receipt of the scrolls the investment transactions would be accounted for under the head "8235-General and Other Reserve Funds-00-117 Guarantees Redemption Fund Investment Account". However, the incidental charges like brokerage commission etc, shall be accounted for as a charge on the Fund.

(d) The Bank will arrange to collect interest on these securities and credit the same to the Fund on due date. Further, these would require to be invested as in the case of the contributions by the Government i.e. in accordance with the investment norms prescribed in para 8 above. On maturity of the securities, the proceeds will be collected and credited to the account of the Government or reinvested on the basis of instructions received from the Government, i.e. in accordance with the pattern outlined in para 8 intra. As in the cases of the debit scrolls, the Bank shall use separate scrolls, for the receipts.

(e) On receipt of instructions from the Government, the Bank will arrange to sell the securities at the ruling price through its Mumbai office and credit the amount realized, less incidental charges, to the account of the Government.

(f) The receipts on account of maturity or sale of the securities would be taken to the account of the "Guarantees Redemption Fund Investment Account" the incidental charges on sale would be charged on the Fund.

(g) The Provision for expenditure on account of the Guarantees Redemption will be made in the budget of the Government under the relevant heads. Only the actual amount of guarantee redemption expenditure shall be brought in account under the head -8235-General and other Reserve Fund-200-Other Funds -Relief on account of Guarantees invoked - Guarantees Redemption Fund

(h) The Bank shall arrange to redeem the securities on maturity. In case of premature disinvestment to meet the liability on account of the claims to be paid, the Bank shall decide on the securities to be encashed in consultation with the Government and sell the securities at the ruling priced and credit the amount realized, less incidental charges to the Fund.

(i) The Government will pay the Bank, a commission at the rate determined by the Bank in consultation with the Government. These charges shall also be borne by the Fund as in the case of the charges indicated in paras 9 and 11. The loss or gain on the sale of securities shall be taken to the Account of the Fund.

Explanation

(a) The debit to Government on account of such withdrawal will be accounted under the head 2075-Miscellaneous General Services-00-797-Transfer to Guarantee Redemption Fund – Investment Account . On the maturity of the loan the balance outstanding will be credited under the head 8235-General and Other Reserve Funds-00-120-Guarantee Redemption Fund-investment Account. (Miscellaneous Government Account) Ledger Balance Adjustment Account.

(b)The Bank would scroll to the Government the debit on account of investment less the incident charges in the usual course. However, in order to ensure that the investment transactions of the Fund do not get mixed up with other transactions, these will be indicated distinctly in separate scrolls.

(c) The Bank will arrange to collect interest on the investments and credit the same to the Fund on the due dates.

(d) On the maturity of the securities, the Bank will arrange to redeem the securities and in case of premature disinvestment, to sell the securities at the ruling price and credit the amount realized, less incidental charges to the Guarantees Redemption Fund Investment Account. As in the case of debit scrolls, the Bank shall use separate e scrolls for the receipts.

(e) The provision for expenditure on account of the periodic contributions will be made in the Budget of the Government under the relevant head. The extent of expenditure to be financed from the Fund shall be withdrawn from the Fund by the disposal of the investment.

**Functions of the
Bank managing
the Fund**

10 (a) The Bank will be guided by the directions of the Government in all matters concerning the investment/reinvestment/dis-investment/reallocation/withdrawals time to time of the Fund and will act accordingly.

(b)The Bank would arrange to raise a debit to the account of the Government maintained with it as per the schedule of contributions set out in paragraph 5.

(c) The contributions to the Fund shall be invested by the Bank in Government Securities as indicated in paragraph 8. The periodic accretion to the Fund by way of guarantee commission, contributions by the Government and interest income shall also be invested by the Bank in a similar manner

(d) The withdrawals may be made from out of the balance accumulated in the Fund up to the date towards the redemption of the guarantees invoked and to be paid by the Government as per it directions.

(e) The Bank will submit periodical statement of balances/advices regarding the changes therein in consultation with the Government.

Services charges for
administration of the
Fund

11 The Government will pay to Bank a commission at the rate of 1/8 percent of one percent of the turnover of the Fund or at the rate to be mutually decided from time to time.

Account and
Audit

12 The accounts of the Fund and the investments shall be maintained by the Accountant General of the State in the normal course. The concerned Department of the Government will maintain subsidiary accounts in such manner and detail as may be considered by the Government in consultation with the Accountant General.

Power to relax


13 The Government shall issue instructions relating to the provisions of the Scheme as may be considered from time to time to enable smooth functioning of the Scheme. In case of any difficulty in the operation of any provision of the Scheme, the Government may, if satisfied, relax the provisions.

Repeal & Savings

14 i) 'Guarantee Redemption Fund Scheme' notified vide No.F.51(1)FIN(B)/2007/12536-59 dated 12 th July, 2007 is hereby repealed.

ii) Notwithstanding such repeal -

anything done or any action taken or purported to have been done or taken (including any notification, inspection, order or notice made or issued, or any appointment, confirmation or declaration made or any license, permission, authorization or exemption granted or any document or instrument executed or any direction given or any proceedings taken or any confiscation adjudged or any penalty or fine imposed under the order hereby repealed shall, be deemed to have been done or taken under the corresponding provisions of this order.


(D. Modak)

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Government of Tripura