

Issue of Bank Guarantee in respect of advances paid by the Central Government Departments to the State level enterprises—Clarifications.

Reference is invited to BPE's O.M. No. BPE/19(2)/Adv.(F)/83 dated the 27th October, 1983, regarding the question of obtaining guarantees from the State Governments in respect of advances paid by central public enterprises to State level public enterprises. As central public enterprises were expected to observe normal business principles and undertake profitable operations, it was clarified therein that they had the discretion to take a view in this regard.

2. The question whether the Central Government Departments should insist on guarantees from State Governments in respect of advances paid by these Departments to State level public enterprises, has been examined and it has been decided that Departments may treat State Government undertakings on par with Central public enterprises depending on the circumstances of the case.

(DPE No. BPE/19(2)/Adv.(F)/83 dated 02/07/1984)
