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Thirteenth Kerala Legislative Assembly

Bill No. 348

**THE KERALA CEILING ON GOVERNMENT GUARANTEES
(AMENDMENT) BILL, 2015**

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THE KERALA CEILING ON GOVERNMENT GUARANTEES
(AMENDMENT) BILL, 2015

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BILL

to amend the Kerala Ceiling on Government Guarantees Act, 2003.

Preamble.—WHEREAS, it is expedient to amend the Kerala Ceiling on Government Guarantees Act, 2003 (30 of 2003) for the purposes hereinafter appearing ;

BE it enacted in the Sixty-sixth Year of the Republic of India as follows:—

1. *Short title and commencement.*—(1) This Act may be called the Kerala Ceiling on Government Guarantees (Amendment) Act, 2015.

(2) It shall come into force at once.

2. *Amendment of Section 3.*—In section 3 of the Kerala Ceiling on Government Guarantees Act, 2003 (30 of 2003), for the words “fourteen thousand crores” the words “twenty one thousand crores” shall be substituted.

STATEMENT OF OBJECTS AND REASONS

For raising money from Financial Institutions/Banks, the Government is giving the guarantee to the Government Departments, Public Sector Undertakings, Corporations, Local Self Government Institutions, Statutory Boards and Co-operative Institutions. In such cases the Government levy guarantee commission also at the rate of 0.75% of the total guarantee amount, per annum, on the beneficiary institutions. As per the Kerala Ceiling on Government Guarantee Act, 2003 (30 of 2003), the existing ceiling of guarantees is 14000 crore rupees.

In recent times, the demand, from the Banks and Financial Institutions, for Government guarantee has been increased. Moreover, the need for guarantee is increased for the implementation of Government projects. It has come to the notice of the Government that the existing ceiling on guarantee causes impediments to the appropriation of money. Therefore it has become desirable to increase the existing ceiling on Government guarantee, for the interest of prudent fiscal management. Therefore the Government have decided to enhance the ceiling on Government guarantee from the existing 14000 crore rupees to 21000 crore rupees by complying the conditions stipulated by the Reserve Bank of India.

The Bill seeks to achieve the above objects.

FINANCIAL MEMORANDUM

The Bill, if enacted and brought into operation, would not involve any expenditure from the Consolidated Fund of the State.

K. M. MANI

EXTRACT FROM THE RELEVANT PORTIONS OF THE KERALA
CEILING ON GOVERNMENT GUARANTEES ACT, 2003.

(30 OF 2003)

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3. *Ceiling on Government Guarantees.*—The total outstanding Government guarantees as on the first day of April of any year shall not exceed rupees fourteen thousand crores.

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