

Fifteenth Kerala legislative Assembly

Bill No.100

THE KERALA FINANCE (No. 2) BILL, 2022

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Kerala Legislature Secretariat

2022

KERALA NIYAMASABHA PRINTING PRESS.

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[Translation in English of “2022-ലെ കേരള ധനകാര്യ (2-ാം നമ്പർ) ബിൽ”
published under the authority of the Governor.]

THE KERALA FINANCE (No. 2) BILL, 2022

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BILL

*to give effect to certain financial proposals of the Government of Kerala for the
Financial Year 2022-2023.*

Preamble.—WHEREAS, it is expedient further to amend the Kerala Ceiling on Government Guarantees Act, 2003 (30 of 2003) to give effect to certain financial proposals of the Government of Kerala for the Financial Year 2022-2023;

BE it enacted in the Seventy-third Year of the Republic of India as follows:—

1. *Short title and commencement.*—(1) This Act may be called the Kerala Finance (No.2) Act, 2022.

(2) It shall come into force on the 1st day of April, 2022.

2. *Amendment of Act 30 of 2003.*—In the Kerala Ceiling on Government Guarantees Act, 2003 (30 of 2003) for section 3 the following section shall be substituted, namely:—

“3. *Ceiling on Government Guarantees.*—The total outstanding Government Guarantees as on the first day of April of any year shall be 100% of the total revenue receipts as per the annual financial statement of the State in the preceding year or at 10% of the Gross State Domestic product (GSDP), whichever is lower”.

**DECLARATION UNDER THE KERALA PROVISIONAL
COLLECTION OF REVENUES ACT, 1985
(10 OF 1985)**

It is hereby declared that it is expedient in the public interest that the provisions of this Bill shall have effect on and from the 1st day of April, 2022, under the Kerala Provisional Collection of Revenues Act, 1985 (10 of 1985).

STATEMENT OF OBJECTS AND REASONS

For raising money from Financial Institutions/Banks, the Government is giving 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 as on the first day of April of any year shall not exceed 5% of the Gross State Domestic Product as calculated by the Department of Economics and Statistics, for the respective financial year. In the recent times, the demand from the Banks and Financial Institutions for Government guarantee has increased. Moreover, the need for Guarantee is increased for financing major projects in the State. It has come to the notice of the Government that the existing ceiling on guarantee causes impediments for the appropriation of money. Therefore, it is desirable to increase the existing ceiling on Government guarantee for the interest of prudent fiscal management and also to enhance the scope for improving social and physical infrastructure. Therefore, by complying the conditions stipulated by the Reserve Bank of India, the Government have decided to enhance the ceiling on Government guarantee from the existing five per cent of the Gross State Domestic Product in the manner that the total outstanding Government guarantees as on the first day of April of any year shall be 100% of the total revenue receipt as per the

annual financial statement of the State in the preceeding year or at 10 % of the Gross State Domestic Product (GSDP) whichever is lower, by amending the Kerala Ceiling on Government Guarantees Act, 2003 (30 of 2003) to give effect to the financial proposals of the Government of Kerala as announced in para 459 of the Budget Speech 2022-2023.

FINANCIAL MEMORANDUM

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

K. N. BALAGOPAL.

EXTRACT FROM THE KERALA CEILING ON
GOVERNMENT GUARANTEES ACT, 2003
(30 OF 2003)

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3. *Ceiling on Government gurantees.*—The total outstanding Government guarantees as on the first day of April of any year shall not exceed five per cent of the Gross State Domestic Product of the State as, calculated by the Department of Economic and Statistics, for the respective financial year.

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