



The Manipur Ceiling on Government Guarantees Act, 2004

Act 2 of 2005

Keyword(s):
Default Risk, Government Guarantee

DISCLAIMER: This document is being furnished to you for your information by PRS Legislative Research (PRS). The contents of this document have been obtained from sources PRS believes to be reliable. These contents have not been independently verified, and PRS makes no representation or warranty as to the accuracy, completeness or correctness. In some cases the Principal Act and/or Amendment Act may not be available. Principal Acts may or may not include subsequent amendments. For authoritative text, please contact the relevant state department concerned or refer to the latest government publication or the gazette notification. Any person using this material should take their own professional and legal advice before acting on any information contained in this document. PRS or any persons connected with it do not accept any liability arising from the use of this document. PRS or any persons connected with it shall not be in any way responsible for any loss, damage, or distress to any person on account of any action taken or not taken on the basis of this document.

MANIPUR



GAZETTE

**EXTRAORDINARY
PUBLISHED BY AUTHORITY**

No. 268(B) Imphal, Friday, January 7, 2005 (Pausa 17, 1926)

**GOVERNMENT OF MANIPUR
SECRETARIAT: LAW & LEGISLATIVE AFFAIRS DEPARTMENT**

NOTIFICATION

Imphal, the 7th January, 2005

No. 2/47/2004-Leg/L.—The following Act of the Legislature, Manipur which received assent of the Governor of Manipur on 5-1-2005 is hereby published in the official Gazette.

TH. KAMINIKUMAR SINGH,
Deputy Secretary (Law), Govt. of Manipur.

**THE MANIPUR CEILING ON GOVERNMENT
GUARANTEES ACT, 2004
(Manipur Act No. 2 of 2005)**

An
Act

to provide for ceiling on Government Guarantees and other matters connected therewith or incidental thereto.

WHEREAS it is expedient to provide for ceiling on Government Guarantees issued on behalf of the Government departments, public sector undertakings, local authorities, statutory boards, corporations and co-operative institutions and for promoting fiscal discipline of the State;

Be it enacted by the Legislature of Manipur in the Fifty-fifth Year of the Republic of India as follows :—

Short title
and com-
mencement.

1. (1) This Act may be called the Manipur Ceiling on Government Guarantees Act, 2004.

(2) It shall come into force on such date as the State Government may, by notification, appoint.

Definition.

2. In this Act, unless the context otherwise requires,—

(a) “default risk” means the probability of default by the borrower on whose behalf the Government Guarantee is given, depending on the amount borrowed, the type of industry and the economic situations.

(b) “Government” means the Government of Manipur.

(c) “Government Guarantee” includes the guarantee given by the State Government on behalf of Departmental undertakings, local authorities, statutory boards, corporations and co-operative institutions;

(d) “notification” means a notification published in the *Official Gazette*;

Ceiling on
Govern-
ment Gua-
rantees.

3. The total outstanding Government Guarantees as on the first day of April of any year shall not exceed thrice the State's Own Tax revenue receipts of the second preceding year of such year as they stood in the books of the Accountant General of Manipur.

Prohibition.

4. Notwithstanding anything contained in any other law for the time being in force,—

(a) No Government Guarantee shall be extended in respect of loan to any private individual, institution or company;

(b) No Government Guarantee shall be extended to the co-operative institutions or joint ventures with minority share holding (less than 50%) or no management control by the State Government.

Guarantee
Commis-
sion.

5. (1) The Government shall charge a minimum of one percent as guarantee commission which shall not be waived under any circumstances.

(2) Depending on the default risk of the project, the Government may, by notification, specify commission at an enhanced rate.