



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

वेबसाइट : www.rbi.org.in/hindi

Website : www.rbi.org.in

ई-मेल/email : helpdoc@rbi.org.in

संचार विभाग, केंद्रीय कार्यालय, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001

Department of Communication, Central Office, Shahid Bhagat Singh Marg, Fort, Mumbai-400001 फोन/Phone: 022- 22660502

January 16, 2024

Report of Working Group on State Government Guarantees

The Reserve Bank of India today placed on its website the Report of the Working Group on State Government Guarantees.

During the 32nd Conference of the State Finance Secretaries held on July 07, 2022, it was decided to constitute a Working Group comprising members drawn from the Ministry of Finance, Government of India; Comptroller and Auditor General of India; and some State Governments. The terms of reference of the Working Group included, *inter alia*, prescribing a uniform guarantee ceiling for the States; uniform reporting framework for the guarantees given by the State Governments; assessing the adequacy of states' contribution to the Guarantee Redemption Fund, etc. The major recommendations of the Working Group are as under:

- The word 'Guarantee' should include all instruments, which create an obligation, contingent or otherwise, on part of the State Government.
- The purpose for which Government guarantees are issued should be clearly defined.
- State Governments may consider fixing a ceiling for incremental guarantees issued during a year at 5 per cent of Revenue Receipts or 0.5 per cent of Gross State Domestic Product, whichever is less.
- State Governments may consider charging a minimum guarantee fee for guarantees extended and additional risk premium may be charged based on the risk category and the tenor of the underlying loan.
- State Governments may publish/ disclose data relating to guarantees, as per the Indian Government Accounting Standard (IGAS).

The implementation of the recommendations made by the Working Group is expected to facilitate better fiscal management by the State Governments.

(Yogesh Dayal)
Chief General Manager