**GOVERNMENT OF ANDHRA PRADESH**

**ABSTRACT**

Finance Department – Writing off certain outstanding Loans and Advances given by Government, Conversion of Loans as Grant, Conversion of certain Investments as Grant and Convertion of certain loans as Capital expenditure– Orders – Issued.

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**Finance (DCM.II) Department**

G.O.Ms.No.105 Dated: 15-05-2014.

Read the following:-

Book1/2013-14/SRAP, Dated 29-03-2014 from the

Principal Accountant General (A&E), A.P, Hyderabad.

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**ORDER:**

In the reference read above, the Principal Accountant General (A&E), A.P, Hyderabad while refering to the Finance Accounts 2013-14 among other items suggested for reconciliation of Assets and Liabilities (including Guarantees) on the basis of latest audited accounts and also suggested that the State Government may consider writing off all loans that are represented as assets in the accounts but where interest and principal are unlikely to be recovered or recovery proceedings initiated.

2. In pursuance of the above, as a part of reorganization, the Government has taken up the task of reconciling loans & advances for arriving at the correct outstanding balance as on 31-03-2013 for apportionment of outstanding loans to successor states as per the provision of AP Reorganization Act 2014 and conducted a sereis of meetings with Administrative Departments, Corporations, Local Bodies and other Institutions.

3. In the Finance Accounts for 2012-13, there are 113 items of loans outstanding as on 31-3-2013 below Rs.10.00 lakhs which amounts to total of **Rs.281.63 lakhs** which are outstanding for years togeather in the books of accounts and no recovery of Principal and Interest reported. Further there are 66 items of loans outstanding above Rs.10.00 lakhs under certain heads amounting to **Rs.634.38** lakhs recovery of which is remote as most of the Institutions/ Organisations are defunct or not in existance.

4. Government proposed to write off these loans from the books of Government account as suggested by Principal AG (A&E) by debiting total expenditure of **Rs.916.01** lakhs to the respective Revenue head of account and taking credit under the corresponding Loan head of account by obtaining supplementary grant during the current financial year i.e. 2014-15. It is also proposed that the Loan amount of **Rs.62.88 lakhs** which is outstanding against urban local bodies as on 31-3-2013 be treated as grant.

5. Further, Governemnt is releasing funds to the certain Government corporations for construction of Government buildings as Loan to that corporation. These releases are made under loan head of account. The loans are outstanding against those corporations in the books of Principal A.G (A&E) and the recovery of these loans does not arise as they incur expenditure for executing Government works. These Corporations are executing works on behalf of Government and so these Corporations have to be treated as implementing agencies rater than debtors. It is proposed to convert such loan amounts outstanding as on 31-3-2013 totaling to **Rs.1125,13.52** lakhs as Capital Expenditure.

6. Government had also invested in various Corporations/ Institutions and in various Cooperatives as share capital. But the rate of return is investments is nil for the last so many years. It is to convert these Investments to a tune of **Rs.7780.23 lakhs** as Grant to those Institutions by obtaining the Supplementary Grants under the respective Revenue head of account during current financial year 2014-15.

7. Government after careful examination of the matter and as suggested by the Principal Accountant General (A&E), A.P, Hyderabad, in the reference read above hereby order that

(a) the irrecoverable loans to the extent of **Rs.916.01 lakhs as indicated in Annexure I shall be written off**

(b) the Loan amount of **Rs.62.88 lakhs** which is outstanding against Urban Local Bodies as on 31-3-2013 as indicated in Annexure II shall be converted as Grant and

(c) the Investments as Grant to the extent of **Rs.7780.23 lakhs** as shown in the Annexure-III appended to this order shall be converted as Grants.

8. Further, Government hereby order that the loan amounts totaling to **Rs.1125,13.52 lakhs** which are outstanding against Corporations which are executing works on behalf of Government as Capital Expenditure as shown in the Annexure-IV annexed to this order.

9. The expenditure of Rs.916.01 lakhs towards written off irrecoverable loans shall be debited to 2075 Miscellaneous General Services, M.H.795 Irrecoverable Loans Written Off, S.H.(05) Other Loans, 640 Write Off and corresponding credit shall be taken under the respective loan heads indicated in Annexure-I by obtaining supplementary grants during 2014-15.

10. The expenditure of Rs.62.88 lakhs towards conversion of Loan as Grant to urban local bodies shall be debited to 2215 Water Supply and Sanitation, 01 Water Supply, M.H.101 Urban Water Supply Programmes, S.H.(04) Assistance to Municipalities and Corporations, 310/312 Other Grants-in-Aid and corresponding credit shall be taken under the respective loan heads indicated in Annexure-II by obtaining supplementary grants during 2014-15

11. The expenditure of Rs.7780.23 lakhs on conversion of Investments as Grant shall be debited to the respective Revenue Heads of Account indicated in the Annexure-III appended to this order.

12. The expenditure of Rs.112513.52 lakhs for conversion of Loans amounts as Capital expenditure shall be debited to respective Capital Heads indicated in the Annexure-IV appended to this order and corresponding credit shall be taken under Loan Head of Account by obtaining Supplementary Grant during 2014-15.

13. Supplementary grants under the respective Revenue and Capital Head of Accounts shall be obtained at the appropriate time during the current financial year 2014-15 for enabiling the Principal Accountant General (A&E), A.P, Hyderabad for making necessary adjustments in his book of records.

14. The G.O. is available in Andhra Pradesh Government Website <http://goir.ap.gov.in>

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(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**Dr. P.K. MOHANTY,**

**CHIEF SECRETARY TO GOVERNMENT**

To

All Secretariat Departments,

The Principal Accountant General (A&E), A.P, Hyderabad.

The Commissioner of Agriculture, A.P. Hyderabad,

The Commissionr of Industries, A.P. Hyderabad,

The Chief Commissioner and Registrar of Co-operative Societies, A.P. Hyderabad,

The Commissioner and Director of Handloom and Texttiles, A.P. Hyderabad,

The Managing Director Khadi and Village Industries Board, A.P. Hyderabad,

The Commissioner of Sericulture, A.P. Hyderabad,

The Managing Director A.P., Handicraft Development Corporation, A.P. Hyderabad,

The Managing Director APIDC, A.P. Hyderabad,

The Commissioner and Director Municipal Administration, A.P. Hyderabad,

The Director Disabled Welfare, A.P. Hyderabad,

The Commissioner of Women Development and Child welfare dept, A.P. Hyderabad,

The Commissioner Tribal Welfare, A.P. Hyderabad,

The Director General of Police, A.P. Hyderabad,

The Commissioner of Panchayat raj and Rural Development, A.P. Hyderabad,

The Director of Animal Husbandary, A.P. Hyderabad,

The Commissioner of Fisheries, A.P. Hyderabad,

The Commissioner Excise A.P. Hyderabad,

The President A.P.Secretarit Co-operative Credit Society Secretarit, A.P. Hyderabad,

The Commissioner of Sugars, A.P. Hyderabad,

The Managing Director LIDCAP, A.P. Hyderabad,

The Commissioner of Labour, A.P. Hyderabad,

The Managing Director of A.P.State Housing Corporation, A.P. Hyderabad,

The Commissioner Social Welfare, A.P. Hyderabad,

The Commissioner of B.C.Welfare, A.P. Hyderabad,

The Commissioner of Horticulure, A.P. Hyderabad,

The Registrar, CESS, A.P. Hyderabad,

The Commissioner of Civil Supplies, A.P. Hyderabad,

The Commissioner of Technical Education, A.P. Hyderabad,

The Commissioner of Transport, A.P. Hyderabad,

The Managing Director A.P.Wakf Board, A.P. Hyderabad,

The Commissioner RWS, A.P. Hyderabad,

The Managing Director TRICOR, A.P. Hyderabad,

The Ministry of Finance Department of Expenditure Government of India, New Delhi,

The Minsitry External Affairs, Government of Indi, New Delhi,

The Commissioner of Relief and Diaster Management, A.P. Hyderabad,

The Managing Director A.P. Textile Development Corporation, A.P. Hyderabad,

The Managing Director APSAIDC, A.P. Hyderabad,

The Managing Director A.P. Fishries Development Corporation, A.P. Hyderabad,

The Managing Directior A.P. Forest Development Corporation, A.P. Hyderabad,

The Managing Director A.P. Markfed, A.P. Hyderabad,

The Managing Director A.P. State Meat and Poultry Development Corporation, A.P. Hyderabad,

The A.P. Trade Promotion Corporation Limited,

The Managing Director A.P. SC, Finance Corporation, A.P. Hyderabad,

The Managing Director Road Development Corporation, A.P. Hyderabad,

The Managing Director APIIC Ltd, A.P. Hyderabad,

The Managing Director A.P.State Medical Infrastructure Development Corporation Ltd, A.P. Hyderabad,

The Managing Director A.P. State Police Housing Corporation, A.P. Hyderabad,

Copy to all concerned statutory Corporations/Local Bodies and other Institutions.

SF/SCs.

//FORWARDED BY ORDER//

SECTION OFFICER