

## Forum for Good Governance

Regd. No.653/2009

President

Justice Reddappa Reddy (Retd. High Court Judge)

Vice Presidents:

M.V. Krishna Reddy Dr. Rao Chelikani

Secretary:

\*\*\*. Padmanabha Reddy IFS (R)

Joint Secretary

S. Srinivasa Reddy

Treasurer:

Dr. D. Karunakar Reddy

Executive Committee:

C. Anjaneya Reddy IPS (R)

J.V. Sharma IFS (R)

L. Lohit Reddy

L. Krishna Bhoopal Rao IFS (R)

A.V. Narayana IPS (R)

of. T. Tirupati Rao

D. Raja Reddy

Major K. Prabhakar Reddy

Hyderabad 16<sup>th</sup> September, 2015

## PRESS NOTE

Hon'able Chief Minister of Telangana on a number of occasions stated that Telangana state is revenue surplus state.

While the Chief Minister was mentioning this, now and then reports are appearing in press that Telangana government is obtaining loans (by sale of bonds) from the market. Loans are also obtained from Rural Electrification Corporation (REC) and Power Finance Corporation, (PFC), World Bank etc.

burden of (about) 1.8 lakh crores. The process of division of loan between two states is going on. It is expected that the state of Telangana may get 70 thousand crores loan due, while A.P. share will be about 1.10 lakh crores. In other words the state of Telangana is born with a deficit of 70 thousand crores or Rs.20 thousand loan per head for 3.5 crore population.

Forum for Good Governance was perturbed with the news of Telangana government going for loans in a big way burdening future generations. We filed R.T.I. application and obtained information about the market barrowings and other loans the government of Telangana has taken since June 2014.

Rural Electrification Corporation (REC) which has plenty of unutilized surplus funds has provide Ioan for Thermal Projects to the tune of Rs 24,000 crores to government of Telangana at 11% interest, 0.5% less than the normal interest rate of 11.5%. As a part of this Ioan, a cheque for Rs.16,071 crores was handed over to Chief Minister of T.S. by Rajeev Sharma C.M.D of REC on 21-8-2015.

Contd....2

In addition to it, Telangana government has taken a loan of Rs. 4,000 crores from Power Finance Corporation (P.F.C), for setting of power plant. Again, for various other activities Government of Telangana has approached World Bank for loan, the negotiations are under way. It is expected about Rs.10,000 crores loan will be taken from World Bank. In this way government of Telangana has exhausted the permitted limit of borrowing and the government want to barrow more loans and for this purpose Chief Minister has addressed Vice Chairman NITI Ayog for relaxation of borrowing limit so that he can borrow more loans.

Th	e details of loans barrowed so far	
	Loans obtained from sale of bonds (at 9% interest)	24.000 crores
	Loan from Rural Electrification Corporation (REC) at 11% interest	24,000 crores
	Loan from Power Finance Corporation (PFC)	4,000 crores
	World Bank Ioan (under negotiation) at 3.3% interest	10,000 crores
	(approximately)	
	Total	66,000 crores

About Rs. 66,000 crores is the loan under pipe line during 15 months of T.S. government. Forum for Good Governance feels that due to lack of financial discipline, the government is spending on unimportant items leading to sudden raise in non plan expenditure. Total taxes paid by people and other revenues generated are going for non plan expenditure leaving nothing for infrastructure and power projects forcing the government to go for loans at huge cost. We are not against borrowing loans for development works, but wasting the state finances on unproductive expenditure and going for loans for developmental works is not justified. People have to be taken into confidence and should be informed of the loans being obtained by government and the how they are going to pay the annual interest and principal amount also should be explained.

M. Padminabha Reddy

Secretary

Forum for Good Governance