

-15-

SUBJECT NO: 196

Sub:- VUDA - Accounts - Resource Mobilization - Fixing of  
Targets by Government - Approach to Banks for loans  
against the Deposits of VUDA - Approval - Reg.  
\$\$\$

#### AGENDA NOTE

The Government in their D.O. letter No. 1730-A/113/Ac/Pc-III/07 dt. 10.4.2007 from the Finance Department, Andhra Pradesh, Hyderabad have fixed target of Rs. 1000.00 Crores under Resource Mobilization through sale of land etc to VUDA indicating the targets fixed for each quarter at Rs. 250.00 Crores and also requested to take necessary action to reach the targets fixed by the Government in each quarter.

The identification of Government lands and their auction is under process. As per the orders of Government, VUDA has to contribute to a tune of Rs. 250.00 Crores by June, 30<sup>th</sup>. As that much amounts have not been realized as on now through sale of Government lands, for the time being our funds may be transferred to Government and the same may be recouped from the auction proceeds in the later months. The VUDA has deposits worth of Rs. 165.00 Crores in its various service banks and other banks.

It has been examined in detail and discussed with the Bankers and internal Auditor of VUDA whether to withdraw the Deposits prematurely

or to take a loan on the existing FDRs. It is felt advantageous to take loan against Deposits for the following reasons.

1. Premature closure involves 1% penalty.
2. For premature closure interest will be calculated for the period at the prevailing rate on the date of Opening.
3. If the FDRs are not disturbed and the loan is availed against the FDRs and in case the loan is repaid as and when collections are received through auction of Government lands, the interest on FDRs will be growing and the interest on loan will be decreasing.

In view of the above circumstances, it is considered to approach Banks for loans upto 85% to 90% against the deposits of VUDA and to repay the loans as and when collections are received in future through sale of Government lands by auctions and other regular receipts. Further, if the regular receipts are not sufficient to repay the loan, the position can be reviewed after 6 months and decision, which is advantageous at that stage can be taken. The Vice Chairman may be authorized to take loan against the deposits and adjust the same to Government in anticipation of sale proceeds through auction of Government lands.

The matter is placed before the Board for approval.

VUDA Resolution No.196, dated 28-08-2007

Resolved to approve the proposals to approach Banks for loan against the Deposits of VUDA and the Vice-Chairman is authorized to take loan against the deposits and adjust the same to Government in anticipation of sale proceeds through auction of Government lands.

12h-

Chairman, VUDA