

**GOVERNMENT OF ANDHRAPRADESH
ABSTRACT**

Misappropriation cases - Recovery of misappropriated amount - Amendment to Article 300 of AP Financial Code, Volume-I - Orders - Issued

GO Ms No 33 Finance (TFR.I) Department dated 09.02.2006

ORDER:

In GO Ms No 25 GA (Ser.C) Department dated 03.02.2004 consolidated instructions were issued to plug the loopholes in the management of Government money giving clear and comprehensive instructions on all aspects of misappropriation cases.

Articles 5, 273, 294, 300, 301 and 302 of AP Financial Code, Volume-I lays down the responsibilities of Government servants dealing with Government money, the procedure to fix the responsibility for any loss sustained by the Government, the procedure to be followed and the action to be initiated for recovery.

In UO Note No 96116 GA (VC.H1) Department dated 27.05.2005, the Vigilance Commissioner stated that it has come to their notice that in many cases misappropriation/loss to Government/wasteful expenditure are noticed and disciplinary action initiated. At the conclusion of the disciplinary proceedings, whatever punishment is being imposed, with it the amount of loss as determined in the inquiry is being collected from the guilty officers. Collecting the loss amount alone does not appear to be enough. Recovery in cases of misappropriation/waste of Government money in collusion with the parties or with *mala-fide* intention or with carelessness, is not enough deterrent to the guilty officers. The recovery in cases where ordered, should either be doubled the amount of misappropriation or atleast with interest which would be a penal element, not at current bank rate but at a rate higher i.e., may be @ 105 per annum on the amount ordered to be recovered so that the illegal benefits obtained by the persons concerned are not retained by him.

Government after careful consideration of the matter decided that recovery from the Government servant for losses by misappropriation of Government money shall be recovery of the misappropriated amount/loss caused at bank rates as fixed by RBI + 2% (This is actual cost of funds for State Government). The loss/misappropriation shall be determined by the disciplinary authority as per rules and the recovery proposed is at the cost of funds for the Government and it may not be punishment. Accordingly the following amendment is issued to the AP Financial Code, Volume - I.

AMENDMENT

In the said Code, in Article 300, after Clause 4 (c) the following shall be added, namely	“(d) Recovery from Government servant for the losses by misappropriation of Government money shall be recovery of the misappropriated amount/loss caused at bank rate as fixed by RBI + 2% (This is actual cost of funds for State Government). The loss/misappropriation shall be determined by the disciplinary authority as per rules and the recovery proposed is at the cost of funds for the Government and it may not be punishment.”
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(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

**P RAMAKANTH REDDY
SPECIAL CHIEF SECRETARY TO GOVERNMENT**