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Explained | The stalemate between Telangana and AP

Why is there a conflict between the two States in dividing assets and liabilities? What are the governments of both States claiming? What have been the recommendations of the expert committee on asset division? Will the Union government intervene in the issue to settle the conflict amicably?

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The new secretariat of the Telangana government which is under construction on January 9. | Photo Credit: G. Ramakrishna

The story so far: More than eight years after the bifurcation of the erstwhile united Andhra Pradesh, division of assets and liabilities between the two States remain elusive as the States make their own interpretation of the provisions under the Andhra Pradesh Reorganisation Act 2014. Several bilateral meetings between the two States as well as those convened by the Union Home Ministry failed and the Andhra Pradesh government has now approached the Supreme Court seeking “just, reasonable and equitable apportionment” of assets and liabilities.

What assets are to be divided?

There are 91 institutions under Schedule IX and 142 institutions under Schedule X of the Act. The division of another 12 institutions not mentioned in the Act has also become contentious between the States.

The issue involves 245 institutions with a total fixed asset value of ₹1.42 lakh crore — headquarter assets under Schedule IX institutions are pegged at ₹24,018.53 crore while institutions under Schedule X are at ₹34,642.77 crore. The other 12 institutions are valued at ₹1,759 crore.

What are AP government's claims?

The AP Government is firm on the implementation of the recommendations given by the expert committee headed by retired bureaucrat Sheela Bhide for bifurcation of 89 out of the 91 Schedule IX institutions. But it lamented that the Telangana government had selectively accepted the recommendations leaving others which was resulting in delays in division of assets and liabilities.

“The Andhra Pradesh Government has been of the view that the recommendations of the expert committee be accepted in toto so as to expedite the process of division and put quietus on the division of these institutions,” the petition said.

What did the expert committee say?

The committee has made recommendations with respect to the division of 89 out of the 91 Schedule IX institutions. Its recommendations on the division of assets that are not a part of the headquarter assets attracted criticism from the Telangana government which said it is against the spirit of the Reorganisation Act. The division of several institutions like the RTC headquarters and the Deccan Infrastructure and Landholdings Limited (DIL) which have huge land parcels in its possession have become the key bone of contention between the two States. The committee, for instance, recommended the division of RTC workshops and other assets which do not come under the definition of ‘headquarter assets’. Telangana opposes these divisions. The land parcels held by the DIL do not come under the provisions of the Act either, Telangana contended.

What has the Home Ministry said?

The Union Home Ministry has given clarity about the headquarter assets way back in 2017. “In the case of one single comprehensive State undertaking (which includes the headquarters and the operational units in one facility) which is exclusively located in, or its operations are confined in one local area, it shall be apportioned on the basis of location as per sub-section (1) of Section 53 of the Reorganisation Act,” the Ministry said in its office memorandum issued on May 18, 2017.

What is the stand of Telangana?

The Telangana government has contended that the expert committee's recommendations were against the interests of Telangana. There is a clear definition of division of headquarter assets in Section 53 of the Reorganisation Act, officials say.

"The assets and liabilities relating to any commercial or industrial undertaking of the existing State of Andhra Pradesh, where such undertaking or part thereof is exclusively located in, or its operations are confined to, a local area, shall pass to the State in which that area is included on the appointed day, irrespective of the location of its headquarters", the Act specifically says.

The government is firm that the assets located outside the erstwhile united State like Andhra Pradesh Bhavan in New Delhi could be divided between the States on the basis of population as per the provisions of the Act.

What is the role of the Centre?

Several meetings of the dispute resolution committee headed by the Union Home Secretary and comprising of the Chief Secretaries of the two States and those convened by the dispute resolution sub-committee headed by the Home Ministry's joint secretary could not break the impasse.

The Act empowers the Union Government to intervene as and when needed.

Hopefully, the Home Ministry takes steps to expeditiously and amicably settle the issues between the two States.

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