

Amrit Kaal Needs Robust Legislatures & Centre-State ties on Fiscal Turf

MARCH 31, 2023

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INDIA'S

Fiscal domain is facing crisis akin to the climate change characterized by extreme weather conditions. The other day Lok Sabha passed Rs 45 lakh crore Budget for 2023-24 in 12 minutes without debate.

This happened due to persisting daily ruckus created by both the treasury benches & the Opposition MPs.

The spectacle led the Lok Sabha Speaker into applying the usual guillotine to dispense with whatever little was agreed for discussion of demand for grants of few ministries. Guillotine is a parliamentary procedure on financial matter. It is supposed to be applied when lengthy discussion remains incomplete & the House is hard-pressed of time.

Both houses of Parliament barely conduct any serious, debate-driven business. The discussion, if held, is often focussed on blame-game that often spill over into bitter acrimony between BJP and the Opposition.

Hardly any effort is to made to debate the mountain of national, regional and local problems & arrive at a consensus on overcoming them within defined time frame.

The second extreme and unprecedented development was Delhi Government's inability to present the budget for 2023-24 on scheduled day. This happened due to the Centre not approving the Delhi Budget as lieutenant governor (LG) had raised certain queries and wanted changes in outlays.

The Ministry of Home Affairs cleared the Budget only after Chief Minister Arvind Kejriwal's letter to Prime Minister Narendra Modi on the issue hogged headlines.

Other Opposition parties-ruled States too have been impacted adversely by the Centre's certain decisions on financial matters.

Both these extremities in fiscal domain can derail BJP Government's 2nd attempt in two decades to put India into the orbit of developed nations. This perhaps requires average annual GDP growth of 8% on sustained basis. (Please read [Don't let 'Developed Nation' Vision Turn into Grand Illusion, Again](#)).

And two pre-requisites for such robust growth rate are: 1) Legislatures must ensure the most judicious use of public money. This requires scrutiny of all budget documents by MPs and MLAs for asking the probing questions to the Government 2) The Centre should not create hurdles for Opposition-ruled States and treat them on equal footing with BJP-ruled States, which are branded as Double-Engine Government by Prime Minister Narendra Modi. The Centre and the States need to pool resources and not duplicate welfare schemes. Both should jointly put an end to populism to avoid financial catastrophe. It would emerge if public debt is allowed to rise beyond the existing, dangerous level.

The Centre-State fiscal ties have increasingly come under strain over the years. This is evident in the frequent complaints by the States blaming the Centre for holding back release of central share of funds for central or centrally sponsored schemes.

The Centre often blames the States for this delay due to non-submission of funds utilisation certificates. The Centre has also turned heat on the States on off-budget borrowings (OBBs) by citing 15th Finance Commission's (15 th FC's) recommendations.

The Centre must act on its recommendation on national public debt and division of total annual borrowings between the Centre & States. Foremost is the need for the Centre to come clean on its OBBs as the risk they pose to financial stability.

Telangana Finance Minister T. Harish Rao last month narrated the State's woes against the Centre while presenting the Budget for 2023-24 last month in State Assembly.

Mr Rao termed the Centre's decision to slash State's annual borrowings plan by Rs 15,033 crore to Rs 38,937 crore as **"totally unjustified and uncalled for". He opined: "This kind of cuts are against the spirit of federalism and have eroded the rights of the States."**

He alleged:

"The government which is currently in power at the Centre has broken the tradition of implementing in toto the recommendations of the Finance Commission (FC)."

Referring to denial of few FC-recommended grants by the Centre, Mr Rao bemoaned:

"In the history of the country, no government has ignored the recommendations of the Finance Commission in such a blatant manner."

Like Mr Rao, Tamil Nadu Finance Minister, Dr. Palanivel Thiaga Rajan, too narrated the impact of Centre's rigid stance towards the financial empowerment of the States. Presenting the 2023-24 Budget on 20th March 2023., he stated:

"Despite multiple representations from the States, the Union Government has refused to extend the original GST Compensation period (of Guaranteed 14 per cent Year-over-Year growth) beyond the 5 years that expired on June 30th, 2022 and hence States will be deprived of a vital source of Revenue from now on."

He estimated shortfall in State's budgetary resources at around Rs 20,000 crore per annum.

Similarly, the Finance Ministers of West Bengal, Punjab, Kerala and Himachal Pradesh explained their financial problems with Centre in their 2023-24 budget speeches. The speeches are enlightening from the standpoint of avoiding hurdles in accelerating economic growth & safeguarding cooperative federalism.

Members of Parliament, State Assemblies and local governance bodies should consider scrutiny of budget documents as their religious duty. Their fourfold-mantra should be: 1) Consider every budgetary outlay with mindset of zero-budgeting, a concept the Governments detest. 2) Ponder whether allocated outlay can be reduced or scrapped to fund alternative or neglected areas. 3) Enliven Parliamentary/Assembly Standing Committees into robust fiscal forum for scrutiny of demand for grants of ministries, schemes and projects. 4) Seek special discussion on every report of Comptroller and Auditor General (CAG) pertaining to their respective Government.

Legislative scrutiny of resource mobilisation and expenditure has been shrinking and declining in quality in Lok Sabha over the last few decades. Three key developments that whittled down fiscal and governance transparency under Modi Government are:

- 1) The merger of the Railways budget with the General/Union Budget beginning 2017-18. Recall the comprehensive coverage of rail budget, post-budget press conference and discussion on rail budget in Parliament that happened every year prior to the merger.
- 2) Consolidation of Outcome Budget of each Ministry into single document named Output-Outcome Monitoring Framework in 2017-18 Budget.
- 3) Replacement of Results Framework Document (RFD) for each ministry, department and government organisation with two portals for internal monitoring initiatives called eSamiksha and PRAGTI. These login-driven websites are inaccessible to the public.

The public expects elected representatives to ensure that each Rupee is spent wisely and each revenue leakage is discussed to prevent its recurrence. The public expects them to ask the Government to explain impact of lakhs of crores tax incentives and its failure to recover tax dues again running into lakhs of crores over the decades. The public should know why certain sectors are repeatedly bail-out with public money.

Such questions would naturally arise in the mind of all Indians if they etch in the mind what Mr. Modi has preached in the Foreword to the seventh edition of Authoritative Book titled **'Practice and Procedure of Parliament'** published for the Lok Sabha Secretariat in 2016.

PM wrote:

"I hope that every parliamentarian, or for that matter every individual, would inculcate the motto of Mahatma Gandhi, contained in his talisman, which says, "Whenever you are in doubt, or when the self becomes too much with you, apply the following test. Recall the face of the poorest and the weakest man whom you may have seen, and ask yourself, if the step you contemplate is going to be of any use to him. Will he gain anything by it? Will it restore him to a control over his own life and destiny? In other words, will it lead to Swaraj for the hungry and spiritually starving millions? Then you will find your doubts and yourself melt away."

The list of questions on expenditure to be asked and discussed in legislatures is endless. The discussion can, however, happen only when both ruling and opposition parties take solemn pledge to not disrupt proceedings of legislature.

To conclude, recall what late Professor N.G. Ranga, a parliamentarian for more than 50 years once said. As put by Prof Ranga "***Let us not convert legislatures into round thanas or contests between disorderly legislators and Marshalls. Let not our legislators become sleeping partners or absentees or mere voting machines. Let them listen to and learn from debates, enrich discussions and reflect people's needs, feelings and sufferings with a sense of tolerance ."***