'States need to address debt sustainability'

RBI report says combined debt-to-GDP ratio is worryingly high at 31 per cent

OUR BUREAU
Mumbai, December 1

As the impact of the second wave of the Covid pandemic wanes, State governments need to take credible steps to address debt sustainability concerns, according to a Reserve Bank of India report.

The report *"State Finance: Study of Budgets"* noted that the combined debt-to-GDP ratio of States, which stood at 31 per cent at end-March 2021, is expected to remain at that level by end-March 2022 and is worryingly higher than the target of 20 per cent to be achieved by 2022-23, as per the recommendations of the Fiscal Responsibility and Budget Management (FRBM) Review Committee, chaired by NK Singh.

In view of the pandemic-induced slowdown, the 15th Finance Commission expects the debt-GDP ratio to peak at 33.3 per cent in 2022-23 (given the higher deficits since 2020-21), and gradually decline to reach 32.5 per cent by 2025-26.

The report observed that the budgeted gross fiscal deficit (GFD) of 3.7 per cent of GDP for States for the year 2021-22 – lower than the 4 per cent level as recommended by the 15th FC – reflects the State governments' intent towards fiscal consolidation.

The report said in 2021-22 so far (April-September 2021), the gross and net market borrowings by State governments have been 13 per cent and 21 per cent lower than in the corresponding period of the previous year, respectively.

States have preferred to borrow from the financial accommodation provided by the RBI through short-term borrowing via the special drawing facility (SDF) and ways and means advances (WMA).

Additionally, in recent years, the States have been ac-

The budgeted gross fiscal deficit was 3.7 per cent of the GDP for States in 2021-22

cumulating sizeable cash surpluses in the intermediate treasury bills (ITBs) and auction treasury bills (ATBs), although they involve a negative carry of interest rates for the States. The report underscored that this warrants improvements in cash management practices.

Power sector reforms

The report emphasised that in the medium term, improvements in the fiscal position of State governments will be contingent upon reforms in the power sector as recommended by the 15th FC and specified by the Centre – creating transparent and hassle-free provision of power subsidy to farmers, preventing leakages, and improving the health of the power distribution companies

by sustainably alleviating their liquidity stress.

The report opined that timely payments of State dues to Discoms and, in turn, by them to generation companies hold the key to the sector's financial health.

As per the assessment of the RBI's Department of Economic and Policy Research, undertaking power sector reforms will not only facilitate additional borrowings of 0.25 per cent of GSDP by the States but also reduce their contingent liabilities due to the improvement in the financial health of the Discoms.

Third-tier front

On the third-tier (urban local bodies) front, the report recommended increasing the functional autonomy of civic bodies, strengthening their governance structure and financially empowering them via higher resource availability through self-resource generation and transfers, as they are critical for building resilience and effective interventions at the grass-root level.

The State governments should set up State Finance Commissions (SFC) at regular intervals, in line with the recommendations of the 15th FC. The report said States may also urge rural and urban local bodies to make audited accounts available online in a timely manner to access grants.

In addition, States should undertake local body reforms as stipulated by the Centre to improve the financial autonomy of third-tier governments. "Overall, the subnational fiscal positions are at an inflection point.Empowerment of the third-tier government presents an opportunity that can result in better and more effective pandemic crusaders in the future," the report said.

Disruptions continue in Rajya Sabha

OUR BUREAU
New Delhi, December 1

The Rajya Sabha witnessed repeated adjournments on Wednesday over the Opposition protesting suspension of 12 MPs for 'unruly behaviour' during the previous session. The House was adjourned for the day without considering any major business as Opposition members stormed the Well of the House demanding. Union Minister for Jal Shakti Gajendra Singh Shekhawat could not complete his speech while introducing the Dam Safety Bill.

In the morning, Chairman Venkaiah Naidu said the protesting MPs have no remorse in showing placards and shouting slogans.

He adjourned the House till 12 pm.

When the House reconvened, the ruckus continued and Deputy Chairman Harivansh adjourned the House till 2 pm.

"It is sacrilege of the House, I have said (on the conduct of the 12 suspended MPs during the last session in August). There is no remorse by mem-


Opposition leaders stage a protest in Rajya Sabha PTI

bers who have really insulted the parliamentary system. Coming to the Well of the House, climbing on the table, throwing papers, snatching papers from the minister and also challenging the Chair... doing everything which is unparliamentary, undemocratic and they have no remorse. What can we do?" Naidu asked.

Suspended MPs to protest

The suspended MPs have decided to sit in front of the Mahatma Gandhi statue in Parliament House Complex till the suspension is revoked. "None of us are ready to tender apology to this Government which has no respect for democracy or institutions such as Parliament," said Elamaram Kareem, leader of the CPI(M) in Rajya Sabha, one of the suspended MPs.

The Opposition held a protest in the morning against the decision of the Chairman. Leaders of various Opposition parties met at Opposition leader Mallikarjun Kharge's room in Parliament to assess the situation. The members are of the opinion that they will not apologise and maintained that the suspension flouts Parliamentary norms.

'Apologise to the House'

The BJP asked the MPs to apologise to the House and to the people. "The double standard of our friends in Opposition is getting exposed continuously. First not letting the House to function and when an action is taken for this as per rules, making it an issue and again disrupting the House proceedings. I consider all these a conspiracy to stall democracy. I believe our friends in Opposition are making efforts to lay foundation of anti-people politics," charged BJP MP Vinay Sahasrabuddhe.

There is no UPA, says Mamata; hints at anti-BJP front without Congress

OUR BUREAU
Pune, December 1

In a marked swipe at the Congress, West Bengal Chief Minister Mamata Banerjee, remarked "there is no United Progressive Alliance (UPA) in Indian politics" while emphasising the need for a strong alternative to take on the BJP.

Banerjee met with NCP Chief Sharad Pawar at his residence in Mumbai and addressed a press conference.

When asked if Sharad Pawar should be made UPA Chairman, Banerjee remarked, "Where is UPA? There is no UPA now. What will he (Pawar) do sitting on the empty chair?" When asked if the strong alternative to the BJP would be possible without Congress, Banerjee said, "There should be a strong alternative.


West Bengal Chief Minister with NCP President Sharad Pawar after a meeting in Mumbai

One has to fight. If someone is not ready to fight what we can do?"

Since 2004, when the United Progressive Alliance was formed, the Congress has headed the alliance.

Sharad Pawar answering the same question said, "There is no talk of keeping someone away. All those who are ready to work together and take efforts are welcome". He added that the new platform is a long-term initiative ahead of the 2024 Lok Sabha polls. Pawar said that who will be the leader of the front is an insignificant issue as all those who are ready to fight the BJP must join hands.

'Dig at Rahul'

Earlier in the day speaking to civil society members at Mumbai, Mamata took a dig at Congress leader Rahul Gandhi saying, "Continuous endeavour is necessary in politics. You can't be abroad most of the time."

She added regional parties together can ensure BJP's defeat. "We want to say *BJP hatao, desh bachao*," she said. When asked if she would lead the opposition platform, Mamata said she is a "small worker" and wants to continue so.

India wary as US drags labour issues into trade talks

Linking the subjects can pave way for non-trade barriers, says official

AMITI SEN
New Delhi, December 1

Labour issues may emerge as a tricky area for India in its efforts to further trade ties with the US as the Joe Biden government is keen to make "worker-centric" matters part of the bilateral trade discussions.

New Delhi put up a strong resistance to the proposal of bringing labour into mainstream trade discussions during US Trade Representative Katherine Tai's recent visit, but the US wants to pursue the matter further in future talks, a source tracking the matter told *BusinessLine*. "If labour is discussed on a different platform, it would mean cooperation. But if discussed on a trade platform, it may lead to trade barriers," the source said.

Both environment and labour are big items on the agenda of the Biden government as Americans feel that their businesses will get a level playing field when labour and environment issues are addressed, he added.

Tai, in one of her addresses in New Delhi, had pointed out that she and the US President were convinced that the US trade policy required a fundamental shift to ensure that policies and actions were focussed on the impact that trade and trade agreements had on real, working people.

"Part of that means engaging in new ways with you all, and my Indian government colleagues, to connect trade more directly to working people," she said, adding that the approach of the governments should be worker-centric.

Industry concerned

he Indian industry is wary of linking labour issues with trade as co-operation in the area of curbing child labour has already made life difficult for some sectors such as granite, leather and carpet.

"Due to a handful of unscrupulous players employing child labour, the entire industry suffered. In several cases even after concrete action was taken by the government to address the problem, the action against the sector continued as getting de-listed after being identified as an offender is so difficult," the source added.

Mexico experience

If labour issues are linked to trade, it could take the form of non-trade barriers such as imposition of regulations on minimum wages and working hours and trade restrictions if those are not fulfilled, he added.

"In the trade agreement that the US has with Mexico, it has made the country take commitment on minimum wage rates. This may either drive investments away from the country or force the industry to create fake records. India does not want to be in such a situation," the source said.

At the meeting of the India-US Trade Policy Forum, while there was no decision on making a separate working group on labour and environment, the US mentioned both issues in the list of areas for further bilateral cooperation.

"The Trump government did not care much about labour or environment. So, they did not focus on these issues with India. But the situation is different now and has to be suitably tackled," the source said.

Tragedy of human-animal conflict


Villagers watch as forest officials use earth moving equipment to bury two elephants which were hit by a train in Moinajan village in Kamrup (Metro) district of Assam, on Wednesday. According to the local villagers, the elephants entered paddy fields ready for harvest. Scarcity of food and illegal encroachment of forest areas have forced wild elephants to stray into populated areas RITU RAJ KONWAR

KERALA HC ON BRINGING FUEL UNDER GST

Tells CBDT to file statement considering Court's views

KC GOPAKUMAR
Kochi, December 1

A Division Bench of the Kerala High Court on Wednesday expressed dissatisfaction over the reasons given by the GST Council for not bringing petrol and diesel under the purview of the GST.

The Bench led by Chief Justice S Manikumar while dealing with a petition seeking to include the fuels in the GST observed that "We are not satisfied with the reasons. There should be some discussion and genuine reasons as to why petroleum products cannot be brought under the GST regime."

The Counsel for the Central Board of Direct Taxes and Customs furnished a letter dated November 29, 2021 from the Director of Goods and Services Tax Council, New Delhi stating reasons why petroleum products could not be brought under the GST regime.

Three reasons cited

The court observed that the Council's reasons for not including the fuel in the GST were high revenue implications, it would be difficult to bring petroleum products under the GST regime during pandemic times and the need for more deliberations..

The court said that the "pandemic period cannot be cited as a reason. It is well known that even during pandemic period, several decisions were taken involving revenue, after deliberations".

The court further directed the Central Board of Direct Taxes and Customs to file a detailed statement after considering the court's observations.

Crompton Greaves sets up R&D facility in Mumbai

OUR BUREAU
Mumbai, December 1

Crompton Greaves Consumer Electricals Ltd has set up its largest Research & Development (R&D) centre in Vikhroli, Mumbai called the Crompton Experience & Innovation Centre. Crompton will add 200 engineers for the new centre across branches of mechanical, electronics, software, IT and data engineering and user centric designs (ID design-product design) capability.

Customer-centric

The centre will help Crompton accelerate efforts to bring new customer-centric innovation by the intelligent application of the latest smart, and efficient technologies.

Spread across 50,000 sq ft and equipped with the latest equipment for smarter technologies, the new centre will undertake research and development in significant consumer applications coupled with advanced technology enhancements such as IoT, energy efficiency, and solution development.

The R&D centre also has a dedicated "customer experience zone" where various solutions can be tested with focused consumer groups and built upon.

Shantanu Khosla, Managing Director, Crompton Greaves Consumer Electricals Ltd said, "The closer you are to the consumer, the more you understand the needs and problems of the consumer - that has been the motto of our R&D teams. Crompton comes with a rich legacy that has always prioritised innovation as the foundation of its entire ecosystem. Our new investment will help us better address the challenges and advance the company's strategic growth in the consumer electrical space as well as sustain our market leadership through innovation."

Birla Estates forays into premium and luxury real estate market

To develop Birla Niyaara in Worli

OUR BUREAU
Mumbai, December 1

Birla Estates Pvt Ltd, a 100 per cent wholly-owned subsidiary and the real estate arm of Century Textiles and Industries Limited (CTIL), has forayed into the premium and luxury real estate market in Worli. The company plans to develop overall 30 acres in Worli in phases with a potential booking value of ₹20,000 crore.

Maiden launch

The maiden launch of Birla Niyaara is a premium flagship development in this micro-market.

Spread across 14 acres, this unique product is one of the largest integrated development in Mumbai's most sought-after location, Worli. The development costs for Birla Niyaara is ₹5,500 crore.

KT Jithendran, CEO, Birla Estates, said, "Century Mills has been one of Mumbai's iconic landmarks and an important part of the Birla group's history. Our intent is to create a new landmark in the Mumbai skyline with Birla Niyaara. While it is our flagship and maiden project in Mumbai, it has the potential to catapult Birla Estates into the top developers' league. "

Conceptualised and designed by architects Foster and Partners, the project is a mix of contemporary and modern highrise living spaces, high-end retail and office buildings.

The landscape is master-planned and detailed by Sasaki and Coopers Hill, respectively.

Rajasthan bags investment commitment of ₹78,700 crore at Delhi roadshow

KR SRIVATS
New Delhi, December 1

Rajasthan is working on a new policy to boost Electric Vehicles (EV) manufacturing in the State, Archana Singh – Commissioner Industries & Bureau of Investment Promotion, of Rajasthan Government, said.

This will be among the 13 new policies that are in the works by various departments and expected to be released before the first ever 'Invest Rajasthan 2022' event slated to be held on January 24-25 at Jaipur.

These new policies will among other things focus attention on attracting investments in new age and innovative industries including chip manufacturing, she told *BusinessLine* on the sidelines of the roadshow held here on Wednesday.

Rajasthan has decided to enter into MoUs with prospective investors ahead of the D-day of January 24-25. It has bagged investment commitment of ₹78,700 (MoUs worth ₹68,698 crore and Letter of Intents of over ₹10,099 crore).

The investments are majorly proposed across the State - Ghiloth, Bhiwadi, Neemrana, Jaipur, Udaipur, Alwar and many other districts where RIICO has developed special sectoral zones over the years.

Major commitments

Marquee investors include ReNew Power, which has proposed to invest ₹50,000 crore in Renewable Energy and Solar Module manufacturing in various districts; JK Lakshmi will invest ₹4,250 crore in Nagaur, Udaipur and Alwar in cement manufacturing and limestone mining; JK Cement ₹1,500 crore in Jaisalmer; Lenskart ₹400 crore in Bhiwadi; Daikin Airconditioning ₹294 crore and OKAYA EV has proposed to set-up EV manufacturing and assembling unit in Neemrana at an investment of ₹121.36 crore.

Shakuntala Rawat, Industries & Commerce Minister of Rajasthan Government, who headed the Delhi roadshow said, "The leadership of the State has carved the policy framework in a way that can accelerate the growth of the focus sectors in Rajasthan. RIPS 2019 scheme of incentives, MSME Policy, Single Window System (SWS) and One Stop Shop (OSS) facility are the initiatives that has made investment processes easy."

Shubhra Singh – Principal Resident Commissioner & ACS Coordination, Government of Rajasthan said, "Rajasthan is the largest State of India in respect to size and is rich in minerals and other natural wealth. Over the past few years, a robust policy and infrastructure framework has been developed to complement industrial growth. Rajasthan has gradually become the choice of investors as it provides ease of doing business and investors friendly policy framework."