KCR’S SHARP ATTACK ON CENTRE FOR NOT EASING BORROWING CURBS ON STATES

HEIF Minister K Chandrashekar Rao’s recent outburst against the Centre became a major talking point, as it showcased his anguish over the latter’s failure to accede to his government’s requests for funds in the wake of the deadly coronavirus outbreak. This certainly is not the time to score political points as the nation is struggling to re-emerge from the invasion of an invisible enemy, but KCR has his task cut out. He has to rebuild Telangana’s shattered economy, particularly in the Greater Hyderabad region, with sparse funds, hence the frustration.

Even before the lockdown, both the state and the Centre were facing financial difficulties with wide gaps between revenue and expenditure, leaving little scope for honouring commitments to development and welfare. Anticipating the drop in revenue, KCR drastically slashed the budget estimate for 2019-20 and presented a rather subdued 2020-21 budget. But much before the new budget came into force, the lockdown further weakened the financial situation of Telangana, said to be one of the richest states in the country. So, KCR urged the Centre to relax the FRBM (Fiscal Responsibility and Budget Management Act) cap of 3.5% of the gross state domestic product to enable Telangana to source fresh loans for the economy’s reboot. After all, the Centre won’t be burdened in any way by lifting the FRBM cap, as the buck stopped at chief minister’s desk, he reasoned.

Ever since KCR came to power in Telangana, his government has been maintaining fiscal prudence, a fact acknowledged by the Centre from time to time. Yet it refused to provide funds for development schemes KCR introduced, like the Mission Kakatiya to revive old irrigation tanks, Mission Bhagirath to provide safe drinking water to every household in the state, or the gigantic Kaleswaram Lift Irrigation project that provides both irrigation and drinking water to several districts. The State government on its own generated resources through loans from various financial institutions to fund these mega projects. But that was then. Given the current financial squeeze, KCR wants the flexibility to defer repayment of government loans, but the Centre hasn’t budged.

Politics apart, KCR has been maintaining good relations with Prime Minister Narendra Modi over the last few years. His defence of demonetisation in 2016 was way more aggressive than any BJP chief minister at that time. He also supported the GST bill, packaged as a one nation, one tax regime. KCR was also with the Centre on the bill that took away Kashmir’s special status, much against the line of the AIMIM, his ally.

But he recently criticised a draft bill to usher in reforms in the power sector, as it proposes setting up a national level committee to look into the appointment of State Electricity Regulatory Commissions and giving the Centre a role in deciding subsidies to different consumer groups. KCR called it an assault on the federal structure and said he would not allow its passage in Parliament.

However, KCR’s combative mood need not be seen from the prism of the parties opposing Modi-BJP at the national level for forging a national alternative, since he wants to maintain equidistance from both the Congress and the BJP.