

Enlightened leadership needed to resolve north-south divide on distribution of tax pool: Subbarao

STATE TIMES NEWS

NEW DELHI: Former RBI Governor Duvvuri Subbarao has opined that only enlightened leadership at Centre and state levels can resolve the complex north-south divide in deciding on the distribution of the tax pool among states, saying it is beyond the remit of the Finance Commission.

Subbarao, who held various positions including the finance secretary of Andhra Pradesh and Union finance secretary, and wrote extensively on issues in fiscal federalism in his new book titled 'Just A Mercenary?: Notes from My Life and Career' further said that horizontal sharing of the divisible pool of taxes has always been a contentious issue but will be even more so in this round.

"This (north-south divide in deciding on the distribution of the tax pool among states) is a complex political challenge beyond the remit of the Finance Commission.

"Resolving it will demand enlightened leadership at central and state levels that can look beyond politics and build a consensus around an optimal way forward," he told PTI. He pointed out that for every

rupee they contribute to the centre's taxes, richer states like Tamil Nadu and Maharashtra get back less than a rupee while poorer states like Bihar and Jharkhand receive more than a rupee.

"Such cross subsidization of poorer states by richer ones is inevitable in a large and diverse country like ours and has, in fact, been an accepted principle," Subbarao said.

The 16th Finance Commission (16th FC) has been set up and the debate of economically and socially better-off southern and western states 'subsidising' the northern and eastern states has begun again.

"As you say, there is already an emerging north-south divide on the economy front. The question is, are we hitting the limits of such cross subsidization?" he asked.

According to Subbarao, many headline numbers suggest that the southern states are doing better in terms of infrastructure, private investment, social indicators and rule of law which has put them on a virtuous cycle of growth and prosperity and widened the north-south gap.

"Given their urge to move up faster, how much more

of cross subsidization will the southern states countenance? And for how much longer?," he wondered.

While noting that the looming delimitation that is due in 2026 based on updated population data, Subbarao said over the last few decades, population growth rates in the southern states have declined more sharply than in the north. "If as a consequence, the southern states lose their relative share of parliament seats, they will face the double whammy of reduced political clout combined with an open-ended commitment to cross subsidization," he said.

Subbarao was finance secretary (2007-08) before taking over as the governor of the RBI for five years on September 5, 2008, a few days before the breakout of the Lehman Brothers crisis. Lehman Brothers crashed into bankruptcy on September 16, making it the biggest corporate failure in history. Asked to comment on criticism that he did not buy up dollars when there were huge inflows during 2010-11, and instead allowed the rupee to appreciate, Subbarao said that was a deliberate decision

informed by several considerations.

"Holding reserves is not costless, especially as our reserves are built from borrowed resources," Subbarao said, adding, RBI intervention in the market shifts the burden of adjustment from one segment of the economy to another.

He further explained that the stated policy of the Reserve Bank is to intervene in the market only to prevent volatility in the exchange rate.

"Juxtapose my alleged inaction against that policy.

"As I saw it, there was no volatility in the exchange rate during 2010-11 to justify intervention. I felt obliged to walk the talk," he said.

Subbarao noted that if the Reserve Bank were to step in every time the exchange rate moved, they would happily outsource their external management to the Reserve Bank.

"That would be a costly moral hazard," he said.

Subbarao was at the helm of RBI during the taper tantrums in 2012-13 when the rupee crashed by 20 per cent peak to trough.

Referring to Prime Minister Narendra Modi's speech at the 90th

anniversary celebrations of the RBI, Subbarao said, to make the rupee more internationally acceptable, the central bank should become less interventionist, besides fulfilling other conditions.

Responding to a question on freebies, Subbarao said in a poor country where millions struggle to make a decent livelihood, transfer payments to the most vulnerable segments are necessary, indeed even mandatory.

"But that has to be within limits especially as these freebies are financed by borrowing," he pointed out.

On the other hand, Subbarao said, competitive populism like what is unfolding -- political parties outdoing each other in wooing voters with freebies -- is fiscally perilous.

"I believe all political parties are guilty of this and trying to apportion blame will be a wrong start," he said.

Former RBI governor emphasised that there is a strong case for the central government that comes into office post elections to issue a white paper explaining to the larger public in plain language the costs and benefits of freebies.

Oppn questioning EC, EVM in panic as NDA set to win over 400 seats: BJP



STATE TIMES NEWS

NEW DELHI: The Congress questioning the Election Commission for not releasing cumulative voter turnout figure reflects frustration and panic in the opposition as the NDA is set to win over 400 seats in the Lok Sabha elections, the BJP said on Wednesday.

While the Congress had on Tuesday taken a swipe at EC for the delay in releasing the figures, the poll watchdog later in the evening put out the overall figures for the two phases for which polls have been held so far.

BJP spokesperson Gaurav Bhatia said the opposition's INDIA bloc is infected by a virus and the "vaccine" for it is the country's citizens, whose verdict on June 4 will silence its

leaders. They will be seen nowhere, he said, claiming that people will reaffirm their trust in Prime Minister Narendra Modi.

Noting that the Supreme Court recently rejected pleas seeking complete cross-verification of votes cast using EVMs with VVPAT, an independent vote verification system, Bhatia said the problem is not with the EC or the EVM but with the opposition.

The BJP spokesperson also accused the opposition alliance for making communal statements.

Congress president Mallikarjun Kharge recently told a candidate at a rally that his name carried "Shiva" in it and he could take on Ram, Bhatia said, alleging that the opposition party was working to divide

Hindus and unite Muslims. Congress's ally DMK also criticised Sanatan Dharma, he said.

He also highlighted the "vote jihad" call of Samajwadi Party leader Maria Alam, a niece of senior Congress leader Salman Khurshid. Alam in her appeal to Muslims asked the public to drive the BJP government out of power.

Opposition leaders are sowing "hate" and "division" in the elections, he said, adding, an FIR has been registered against Alam for her remark.

While the Modi government stands for "sabka saath sabka vikas", the opposition is talking of "vote jihad," he said.

"They cannot remove the BJP as its ties with people are bound by love," Bhatia said.

BJP strengthened Constitution, amended it for social justice: UP Minister Asim Arun



STATE TIMES NEWS

NEW DELHI: The BJP strengthened the Constitution and amended it for social justice during its terms at the Centre unlike the Congress, which made a "malicious attempt" to change the basic structure of the Constitution when Indira Gandhi was the prime minister, Uttar Pradesh Minister Asim Arun said on Wednesday.

Addressing a press conference here, Arun, who is the social welfare minister in the Yogi Adityanath government in Uttar Pradesh, said that nobody has the right to change the basic structure of the Constitution and asserted that the BJP is ready to keep it intact.

"The Congress has said that it will bring back

Article 370, which means the reservation provided to SCs and STs in Kashmir will also be rolled back," he told reporters at the BJP headquarters.

The BJP leader said the Congress will not get any such opportunity as people of the country have understood its "game".

Arun's remarks came at a time when the Congress and other constituents of the INDIA bloc have gone on an offensive against the ruling BJP alleging that the party is seeking 400 plus seats in the Lok Sabha polls because it wants to change the Constitution and end the provisions made to provide reservation to SCs, STs and OBCs in the country.

"Amendments were made during the BJP rule to

strengthen the Constitution, carry forward the fight for social justice and the ideas of BR Ambedkar," Arun said.

"On the contrary, the most malicious attempt to change the Constitution, not amend, was made by late prime minister Indira Gandhi when she was facing the prospect of losing the prime minister's seat following a high court's verdict," he added.

Arun said that the amendment brought by the erstwhile Indira Gandhi government had provided that the judiciary including the Supreme Court will now have jurisdiction to hear petitions challenging the election of the president, vice president, prime minister and speaker.

"It was the most malicious attempt, among others on various occasions, to change the basic structure of the Constitution. I salute the power of the judiciary which struck down this amendment. Later, Emergency was imposed and other things were done to save her (Indira Gandhi)," the BJP leader added.

Two former Congress MLAs from Delhi quit party, slam alliance with AAP

STATE TIMES NEWS

NEW DELHI: Close on the heels of Arvinder Singh Lovely resigning from the post of Congress' Delhi unit chief, former party MLAs Neeraj Basoya and Naseeb Singh have quit the party in protest against the alliance with AAP.

The Congress had on Tuesday appointed former MLA Devender Yadav as interim president of its Delhi unit after Lovely resigned citing the tie-up with AAP and statements of Congress candidates in the national capital, exposing the cracks in the party's Delhi unit.

In separate letters to Congress chief Mallikarjun Kharge, Neeraj Basoya and Naseeb Singh, who are AICC observers for West Delhi and North West Delhi Lok Sabha seats respectively, claimed the Congress workers are "upset" and feel "humiliated" due to the alliance with the Aam Aadmi Party.

"I humbly submit that the said alliance is bringing great disrepute and embarrassment to Delhi Congress workers on a daily basis, and I believe that as a self-respecting party leader, I cannot continue to be associ-



ated with the party any more," Basoya said while resigning from the primary membership of the Congress.

He said the continued alliance with the AAP is "extremely humiliating given that AAP has been associated with numerous scams" in the past seven years.

The top three leaders of AAP -- Delhi CM Arvind Kejriwal, Satyendar Jain and Manish Sisodia -- are already in jail. Their party has been accused of serious corruption charges on various issues such as the Delhi liquor scam and Delhi Jal Board scam, Basoya said in his letter.

Also, AAP has throughout its existence levelled serious allegations against the Congress and its top leadership, he said.

"By allying with AAP

Kejriwal's "false agenda. "And today, he will be mandated to praise and support AAP and Kejriwal in Delhi," Singh wrote.

The Congress and AAP are not in alliance in Punjab.

"In 2012-2013, AAP had emerged based on malafide propaganda against the Congress in the city. In doing so, AAP on a daily basis, abused our leadership and claimed that they have been involved in corruption.

"As widely publicised, AAP had asked for the arrest of former Delhi CM Sheila Dixit and former party chairperson Sonia Gandhi," he said in the letter.

Since coming to power, AAP has failed to prove any of the allegations against the party. "Today, the people of Delhi have realised AAP's true colours and have understood that it has become a haven of corruption," the letter claimed.

Singh said he has opposed the alliance since the beginning at every party platform.

"However, in total disregard of my opinion and the views of other Delhi Congress leaders, the high command has decided to ally with the AAP. This will finish off the party in Delhi.

Majority of Congress workers in Delhi are extremely upset about the alliance," Singh wrote.

Singh also alleged that the high command has also "disrespected every Delhi Congress worker by giving tickets in North West Delhi and North East Delhi seats to two complete outsiders who have no association or connection with the party's ideology".

He said that as the AICC observer, North West Delhi Parliamentary seat, he has observed that the candidate has no respect for the local party worker.

"The North West Delhi candidate is practically an AAP candidate on a Congress ticket. The same is true with the Northeast Delhi candidate. In reality, the present position is that the Congress is only fighting the election on 1 seat in Delhi," he wrote in his letter.

Lovely had also criticised the two Congress candidates -- Kanhaiya Kumar from North East Delhi and Udit Raj from North West Delhi - for their statements and had said tickets were given to two people who were total strangers to the Delhi Congress and party policies.

Strong leaders, agencies come back to bite very citizens they vow to protect: Court

STATE TIMES NEWS

NEW DELHI: A Delhi court has pulled up the Enforcement Directorate for using the stringent PMLA law to record the statements of doctors treating an accused in a money laundering case, observing that history teaches that strong leaders, laws and agencies generally come back to bite the very citizens they vow to protect.

Special Judge Vishal Gagne made the observation while deciding an application moved by Amit Katyal, seeking extension of his interim bail granted on February 5 on medical grounds in a money laundering case linked to the railways land-for-jobs scam. The judge declined the extension of the interim bail on April 30, noting that Katyal was "manifestly on the road to reoffend and can follow the prescribed lifestyle within jail premises."

However, the judge noted that the objection raised by senior advocate Vikas Pahwa, appearing for Katyal, to the use of section 50 of the PMLA (Prevention of Money Laundering Act) by the ED in recording the statements of doctors whom the accused was consulting at Apollo Hospital, Delhi, and

Medanta Hospital, Gurugram, after getting interim bail.

The judge said there was absolutely no justification for the ED to subject an ordinary citizen to the "stringent process of section 50" without an iota of allegation of nexus of the doctors with the accused.

"If there are any lessons to be learnt from history, it would be observed that strong leaders, laws and agencies generally come back to bite the very citizens they vow to protect. After the masculinity of the law has been expressed against the stated targets, such laws are invariably alleged to have been employed against average citizens. The use of section 50 by the ED against the law abiding doctors of private hospitals is a contemporary contribution to this perception," the judge said.

He said such negation of the intended purpose of strict legislations was required to be avoided by probe agencies and conscientiously monitored by courts.

During the proceedings, Pahwa said the process was not only a violation of permissible action under section 50 but also an intrusion into the privacy of medical treatment which

was a fundamental right.

He claimed "concerted effort" by the ED to bring the weight of its authority upon medical practitioners resulted in reticence on part of the doctors at the Apollo Hospital in treating the accused. The accused was ultimately treated at Medanta Hospital.

Accepting Pahwa's submission, the judge said, "By no stretch of interpretation can the expanded ambit of section 50 be considered to include recording of statements of citizens, including doctors who may have been associated with the accused 'de hors' (not including) criminal activity relating to the proceeds of crime".

The judge said the powers of the ED under section 50 PMLA does not extend to private (including health) affairs of the accused or his vocation in life as long as these do not have incriminatory connect with the allegations under section 3 read with section 4 PMLA.

It also does not extend to the performance of vocational functions or duties by private persons or professionals like doctors who have not been alleged to have been involved in any activity linked to the accused, the judge said.

The court termed as "impermissible" the ED

using section 50 to record statements of doctors at Apollo and Medanta Hospitals who were treating the accused.

"The ED, as an investigative agency, is bound by the rule of law and cannot be seen as acting mightily against the ordinary citizen who is not even a suspect," the judge said.

He said it was a startling proposition for any citizen and that too doctors who are mostly in aid of the courts in various litigations. "The citizens possess rights while the state has certain duties. This fundamental relationship cannot be inverted to invoke an authoritarian argument that the State has certain rights against citizens who are expected to reciprocate by submission through their duties," the judge said.

He said not only would the acceptance of such an argument be an inversion of the social contract on which every liberal democracy is based but also a violation of the constitutional scheme and constitutional morality.

"As an agency answerable to the law and the courts, the ED cannot arrogate powers unto itself. While a government agency too is expected to be a votary of civil rights, the court will certainly not remain amiss

in highlighting and rejecting an entirely high handed act of the ED," the judge said.

He said the rights of the citizens against being subjected to invalid processes completely trump the over reach of the law by ED.

Katyal had sought extension of interim bail by two more months, claiming he had recently undergone a surgery and the jail infrastructure and environment would not permit the optimum recuperation.

"Moreover, interim bail is not a substitute for regular bail and cannot be extended indefinitely. The accused must, therefore, be required to surrender to judicial custody," the judge said.

According to the ED, the accused operated companies as a front for purchasing immovable properties at under valued rates on behalf of other accused persons, including RJD leader Lalu Prasad Yadav, his family members and associates in lieu of wrongful appointment of various persons to Group D posts in the Indian Railways during Yadav's tenure as Railway Minister.

These companies were then transferred to the family members of Lalu Prasad Yadav at undervalued shares, the ED alleged.

Eight-year-old girl raped at private school's hostel in Bhopal, three booked; MP CM orders SIT probe

STATE TIMES NEWS

BHOPAL: An eight-year-old girl studying in Class 2 at a private school in Madhya Pradesh capital Bhopal was allegedly raped in its hostel, following which the police have registered a case against three unidentified persons, officials said on Wednesday.

Madhya Pradesh Chief Minister Mohan Yadav ordered a probe by the Special Investigation Team (SIT) into the case, while the opposition Congress targeted his government and demanded harshest punishment for the culprits.

The police said they were trying to ascertain when the incident exactly took place.

"An eight-year-old girl was allegedly raped at the girls' hostel of a city-based private school. Following a complaint in this regard, the police registered a case on Tuesday night against three persons under Indian Penal Code (IPC) section 376 (rape) and provisions of the Protection of Children from Sexual Offences (POCSO) Act," Misrod police station in-charge Manish Raj Bhadoria said.

The case was registered based on a complaint lodged by the girl's mother, he said.

Deputy Commissioner of Police (DCP) Shradha Tiwari told PTI over phone that the

accused are yet to be identified as the girl is not able to tell the police properly.

"We are moving forward carefully into the case considering the victim's age as she is mentioning some name and identifying the accused like dadhiwala (bearded man), etc. We will establish the identity of the accused after talking to the victim again. We will first carry out her medical examination and record the statement," she said.

Bhadoria said that although the physical appearance of the accused was mentioned in the FIR, their identity is not yet to be established.

When asked about the allegation that the girl was drugged before the crime, he said all these things will be clear once the investigation gets over.

"The process of carrying out the medical examination of the victim and recording her statement is underway," he said, adding that several police teams have been formed to collect the evidence related to the case. On whether the clinical examination confirmed that the girl was raped, Bhadoria said a comprehensive report is awaited. Replying to a query that injuries and swelling were found in the girl's private part during a medical examination conducted by doctors as per the request by the victim's mother, the police official said the com-

plaintant has made this allegation, but things will be clear after receiving a detailed medical examination.

Bhadoria said the CCTVs footage of the hostel has been recovered.

"The accused will be arrested once their identity is established," he said.

The office of chief minister said that taking cognisance of the matter, the CM ordered an SIT probe into the matter.

Congress leader and former chief minister Kamal Nath said the incident of brutality against a small girl in a school in Bhopal was heart-wrenching.

Just a few days ago, a case of rape of a small girl had come to light in Jobat (Alirajpur district) also, he said.

"This kind of atrocities against daughters in the state is a blot on the civilized society. But the unfortunate thing is that instead of providing security to the daughters and giving harshest punishment to the criminals, the Government of Madhya Pradesh takes action against those who express sympathy with the victims, which is evident by the case against the Congress leaders who went to meet the family of the victim in Jobat," he said.

Nath said the Bhopal incident should be investigated with sincerity and the culprits be given the strictest punishment.