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edit@epw.in

CIRCULATION

circulation@epw.in

ADVERTISING

advertisement@epw.in

ECONOMIC AND POLITICAL WEEKLY320-321, A TO Z INDUSTRIAL ESTATE
GANPATRAO KADAM MARG, LOWER PAREL
MUMBAI 400 013
PHONE: (022) 4063 8282
FAX: (022) 2493 4515**EPW RESEARCH FOUNDATION**

EPW Research Foundation, established in 1993, conducts research on financial and macro-economic issues in India.

DIRECTOR**K KANAGASABAPATHY**C 212, AKURLI INDUSTRIAL ESTATE
KANDIVALI (EAST), MUMBAI 400 101

PHONES: (022) 2887 3038/41

FAX: (022) 2887 3038

epwrf@vsnl.com

Printed by K Vijayakumar at Modern Arts and Industries,
151, A-Z Industrial Estate, Ganpatrao Kadam Marg,
Lower Parel, Mumbai-400 013 and
published by him on behalf of Sameeksha Trust
from 320-321, A-Z Industrial Estate,
Ganpatrao Kadam Marg, Lower Parel, Mumbai-400 013.
Editor: C Rammanohar Reddy.

Hyderabad Revenues and Costs

Gangadhara Rao's "Hyderabad and the Bifurcation of Andhra Pradesh" (EPW, 19 October 2013) presents interesting data on the implications of the creation of Telangana for the revenues of the new Andhra Pradesh (AP). The problem is that the data is published district-wise. The author has compounded this problem by adding the revenues of Rangareddy district to Hyderabad district which produces a total revenue figure of Rs 37,556 crore for 2012-13.

First, the extent of Hyderabad city has to be defined. The revenue district of Hyderabad is 217 square kilometres (sqkm), the Greater Hyderabad Municipal Corporation (GHMC) 626 sqkm, the Hyderabad Urban Development Authority (HUDA) 1,348 sqkm and the Hyderabad Metropolitan Development Authority (HMDA) a massive 7,073 sqkm. One selects what one likes. But the revenue figures presented are for the revenue district and more or less cover the GHMC.

Most of the state's own tax revenue (such as sales taxes, stamp duties, transport tax, excise, mineral royalties) is based on location and for Hyderabad amounted in 2012-13 to Rs 11,730 crore out of the state total of Rs 51,441 crore. However sales taxes are based on location of the registered offices of the payer. By virtue of Hyderabad being the capital of the state, many manufacturers/distributors have registered their offices and are paying sales tax for their statewide sales to the Hyderabad division of the commercial tax department. These division-wise figures for commercial taxes are available and they indicate that in Hyderabad city (GHMC) the sales tax paid in 2012-13 was Rs 8,960 crore. Of this, nearly Rs 3,000 crore is estimated to be the sales tax paid by petroleum companies and AP Beverages Corporation Limited (APBCL). These entities pay taxes on sales in the entire state at Hyderabad and, as such, the sales to Seemandhra on division of the state will become interstate sales and attract central sales and will be transferred to the consuming state. More likely, the companies and many others

registered in Hyderabad will set up offices in Seemandhra and pay taxes there. Some part of this will automatically flow to Seemandhra.

Hyderabad city has huge costs. The GHMC budget for 2013-14 alone has a total outlay of Rs 3,800 crore, including revenue expenditure of Rs 1,529 crore and capital expenditure of Rs 2,271 crore. It receives from the state government assigned revenue of Rs 770 crore and now wants a share of the commercial taxes collected in its area. Hyderabad also has huge commitments towards improving its infrastructure and services. The Telangana state will have to make major financial contributions to GHMC in order to just maintain infrastructural and service facilities, let alone increase them and improve their quality and coverage.

Hyderabad city needs 1,000 MW with a peak demand of 1,500 MW of power. It was estimated by the Srikrishna Committee that by 2019-20 it will need nearly 5,000 MW! Already many areas face load-shedding. With the division of the state it will take some time for the new Telangana grid to adjust and cope with the new situation. With a common capital, is this power going to be shared by residual Andhra Pradesh or the central government? As it is, the state has to enforce power restriction in the hinterland to supply Hyderabad with what little power it provides today.

As of now the residents in Hyderabad are supplied water for about two hours on every alternate day through 5,00,809 connections. While the total water supply is 200 million gallons per day (mgd), the average supply is 162 litres per capita per day (lpcd) in the metro areas and only 91 lpcd in the surrounding municipalities in the GHMC area.

A huge gap is indicated between current supply and demand, and this is likely to widen by 2021 (in the maximum years contemplated for the common capital)

Holiday Notice

On account of the Diwali holidays there will be no issue dated November 9, 2013. The next issue dated November 16 will be published on November 9. EPW wishes its readers a happy and peaceful Diwali/Deepavali.

when the estimated demand will double to 400 mgd.

The government had accorded administrative sanction of Rs 1,670 crore for taking up the Krishna Phase-III with permission to raise Rs 1,500 crore as loan assistance from the HUDCO with a government guarantee and a balance of Rs 170 crore from the state government budgetary provision. The project to bring Godavari water to the city for drinking purposes would be implemented in three phases. Phase-I with a cost of Rs 4,000 crore is expected to bring 120 mgd water to the city. This has not been taken up yet.

Hyderabad is the destination of many who seek a better life. This internal migration both from the hinterland, Seemandra as well as the rest of the country, will continue. There is no way to stop it despite local irritation and jealousy. A variety of migrants bring cheap labour, hard work, entrepreneurial skill, capital and a migrant's drive for success. They also require infrastructure and service. Both water and power are in short supply. There are 811 officially recognised slums housing 1.4 million persons.

The idea that Hyderabad city is paved with gold is alright as far as migrants and real estate operators are concerned but in no way is Hyderabad city a net revenue earning government entity. In fact it never was. After division and the expected downturn in activity, it will be less so for the Government of Telangana. Hyderabad, engine of "growth", as it is and may be, will remain dependent on state revenues for the foreseeable future.

Gautam Pingle
HYDERABAD

On Central Banking

One is inclined to endorse the views of Mary George on the state of the Reserve Bank of India ("RBI: Old and New", EPW, 12 October 2013).

There was a belief or an unwritten law in the past that the central bankers should neither be seen nor heard in the public. It was the late H V R Iyengar, an exceptionally brilliant civil officer and the sixth governor of the RBI (4th Indian governor, 1957-62), who broke this convention and started periodically making public speeches

expounding on central banking practices and policies to the benefit of laypersons. From then on it was a quantum jump to the days of Duvvuri Subbarao who effectively brought the concept of central banking to the doorsteps of even the villagers in India, apart from carrying academicians, the media and all who were interested in the state of the economy, along with him. In retrospect, though he had to face many imponderables in the last two years of his tenure Subbarao fought valiantly to assert the independence of the central bank (not from government but of government) while working towards the objective of distributive growth with stability even though the support from the fiscal authorities was not apparently forthcoming in the desired measure.

His Palkhivala memorial speech, the last major event before he laid down office, will rank as the best exposition of the art of the impossible of central banking and among the best speeches made by central bankers in recent times. He did not mince words in the exposition which in a manner uncovered different aspects of his personality. In short Subbarao's governorship was the best thing to happen to the RBI in a difficult time. His successors will have to display many sterling professional and statesmanship qualities to preserve and foster the art of new central banking bequeathed by the former governor.

A K Pat
MUMBAI

NOTA Not Enough

The direction to the Election Commission (EC) to include the "None of the Above" (NOTA) option in electronic voting machines is nothing more than a consolation prize to the individuals/groups campaigning for a cleaner political environment in the country. The reasons are well illustrated by Manjari Katju in her detailed piece "The 'None of the Above' Option"

(EPW, 19 October 2013). At most, this option guarantees the secrecy of the ballot, which otherwise was not ensured if a voter chose not to vote for any candidate on the list.

NOTA will remain a toothless provision until at least two other policies are introduced. The first should be the provision that NOTA be counted as valid votes (at present they are counted as invalid votes) and if the total number of such votes equals or exceeds the highest number of votes secured by the leading candidates the election be declared null and void. The second could be the provision of making voting compulsory for the citizens.

Poll participation could also see a jump if the EC makes the polling process friendlier for disabled citizens. According to the census, over 21 million people in India are suffering from one or the other disability. There are guidelines issued by the EC to provide assistance/special care to persons with disability (or disabilities). However, these only remain guidelines in the handbooks and are not followed in letter and spirit.

Rohit Kumar
MPhil Candidate, Jamia Millia Islamia University,
NEW DELHI

Corrigendum

In the letter "The Rhetoric of Fear" by Mythri Prasad-Aleyamma (12 October 2013) there were two errors of fact and interpretation by the writer.

The two paragraphs cited from an interview of Usha Ramanathan that was earlier published in *Tehelka* were not answers to a question, "What was another important moment for you?" as described in the letter. The letter therefore misrepresents what the interviewee had actually said. This had been conveyed by the interviewee to the writer of the letter. But the writer's acknowledgement of this error (in the paragraph beginning "I should add that...") makes a further misrepresentation of the communication.

EPW apologises for the two errors. A corrected version of the letter has been published on the website. *Ed.*

Web Exclusives

The following articles have been uploaded in the past week in the Web Exclusives section of the EPW website. They have not been published in the print edition.

- (1) Rebuilding the Post-War North – *Ahilan Kadirgamar*
 - (2) Gujarat: Patriarchy Revisited – A Dress Code for Teachers – *Nandini Manjrekar*
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