



Forum for Good Governance

Regd. No. 653/2009

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(Retd. High Court Judge)

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L. No. FGG/Finance/REP/ 8 /2022

Hyderabad
10th January, 2022

To

Sri T. Harish Rao Garu
Hon'able Minister for Finance
Government of Telangana
Hyderabad

Sir,

Sub : Preparation of budget for financial year 2022-23 -
Certain suggestions from Forum for Good Governance –
Request to consider - Reg.

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We understand finance department has taken up exercise to prepare budget for 2022 - 23. In this regard Forum for Good Governance has following suggestions for consideration and inclusion in the budget.

- 1. Implement State Finance Commission report :** As per the Article 280 of Constitution of India, President of India constitutes Central Finance Commission. The Commission makes recommendations to the President the distribution between the union and the states the net proceeds of Taxes etc. As a convention the Central Government accepts the recommendations of Finance Commission.

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At present (about) 42% of central tax revenue is passed on to states. Likewise Article 243 – I of the Constitution of India provides for constitution of State Finance Commission. The State Finance Commission will recommend for distribution between the state and Local Bodies of the net proceeds of taxes. After formation of Telangana State so far not a single report of S.F.C. is implemented nor made public. The local bodies should get funds from state budget as a right as per S.F.C. recommendations. We request the Finance Minister to kindly keep State Finance Commission recommendations in mind while allocating funds to Local Bodies.

2. **Special Provision for GHMC :** About 30% of the population of Telangana live in Hyderabad. Further, 70% of the wealth generated in the state is from Hyderabad. The civic amenities being provided by GHMC are not coping up with fast developing city. Bad roads, over flowing Nalas, traffic congestions, stinking Tank bund and Musi are a blot on the face of the city. We request the Finance Minister to allocate Rs.10 thousand crores as a special grant to GHMC to attend to civic amenities.
3. **Increased allocation for Education and Health :** Many Government schools are in dilapidated condition and classes are held under trees. The infrastructure in government schools needs improvement. Health is another issue which needs improvement especially in rural areas. We request the Hon'able Minister to provide sufficient funds to Education and Health sectors. Improvement in these two sectors is a welfare measure touching the lives of poor.
4. **Savings in Welfare measures :** At present close to 40% of the state budget is spent on welfare measures, there is a need to control the expenditure on the following items :
 - a) **Rythu Bandhu :** At present everybody having land is provided with Rythu Bandhu, G.O. issued for implementation of Rythu Bandhu says that the amount provided is for purchase of fertilizers, seeds, pesticides etc. When a person is not cultivating the land what is the use of providing Rythu Bandhu for such fallow lands. At present Government is spending close to 15 thousand crores for Rythu Bandhu. Our suggestion in this regard would be to limit the Rythu Bandhu to 10 Ac. land holding only, thus saving thousands of crores of Taxpayers money.

- b) **Free electricity to Agriculture** : Government of Telangana is providing free electricity to agricultural sector. Discomes of the state are in neck deep losses and the main reason is free electricity to Agricultural sector. In this regard our suggestion would be to limit the free power to 3 motor (or total 10 H.P.) for a farmer and more than three pump sets should be charged.
- c) **Tax of Toddy (Kallu)** : At present Government is taxing (heavily) on Beer and other Indian Made Foreign Liquors (I.M.F.L.) In rural areas people consume lot of Toddy which is tax exempted. Our suggestion would be to tax Toddy also through an appropriate mechanism without hurting the tapper community.
5. **Tax Reduction on Petrol and Diesel** : Recently Union and some state Governments have reduced tax on Petrol and Diesel. An amount of Rs.10/- per liter tax should be reduced in Telangana also.
6. **Tax payer's money** : When a boy eats chocolate he pays tax, when a person takes a cup of tea he pays tax. Apart from such wide spread indirect taxes, citizens pay direct taxes like Income tax etc. Government is the custodian of tax payer's money and not the owner. There are checks and balance in spending tax payer's money. There is a need to observe economy in administrative expenditure.

Forum for Good Governance requests Hon'able Minister Finance to kindly keep the suggestion made by us while preparing the budget for 2022-23.

Yours Sincerely



M. Padmanabha Reddy

Secretary

Forum for Good Governance

Copy to Prl. Secretary to Government, Finance department, Government of Telangana