THE EDITORIAL PAGE

TRAIN OF HOPE AND PROSPERITY

The Udhampur-Srinagar Baramulla Rail Line (USBRL) is taking people of the UT closer to their dream come true. The seamless connectivity to Delhi is within a month or so away. In all probability, the Delhi to Kashmir train would start chugging somewhere in the new year in the midst of peak winter. This will the first all weather transportation mode for aam aadmi from Kashmir and some of the remotest areas of Jammu. People of Kashmir have suffered a lot due to the fragile road connectivity out of the Valley in the winter. Even sometimes during other seasons too as the Srinagar-Jammu National Highway was increasingly becoming prone to landslides. This railway line is more than a mere connectivity of territories; it would speed up integration of Indian territory and harmony between its people living in different regions. The railway will end sufferings of the people of Kashmir, who sometimes, felt too unfortunate to get stuck in peak winter though they wanted to get away to better climes. From Baramulla, Delhi is going to be just a 12-hour journey. Imagine the rise in trade and tourism it brings!

However, the least highlighted part of this project is the opening of remotest and breathtaking beautiful areas of Jammu to the world. The major landmarks of this railway line are located in Jammu region. The multitude of tunnels, the world's highest railway bridge, etc. are part of this line as it passes through Udhampur and Ramban. Also these are the least hyped places and the outsiders will surely be ecstatic to see this. However, more importantly, the railway line will bring in immense opportunities for the people of this hilly region. Tourism would flourish and who knows even the real estate may come up in a big way in Jammu region along the railway line, The line will be a major milestone and a game changer in bringing prosperity to J&K.

State budgets on brink: RBI sounds alarm

Uttam Gupta

According to a report on 'State Finances: A Study of Budgets of 2024-25' released by the Reserve Bank of India (RBI) on December 19, 2024, the consolidated gross fiscal deficit (GFD) of all State governments was contained within 3 per cent of their gross domestic product (GDP) during the financial years (FY) 2022-23 and 2023-24. For 2024-25, their GFD has been budgeted at 3.2 per cent of GDP. They have complied with the stipulation under the Fiscal Responsibility and Budget Management (FRBM) Act, 2003 which requires them to keep it within the 3 per cent cap. But, the good news ends here. The report reveals that the total outstanding liabilities of States were 28.5 per cent of the GDP in March 2024. Though lower than the peak of 31 per cent reached as of March-end 2021, it remained significantly above the prudential debt-GDP ratio of 20 per cent mandated for the states under the Act.

Another measure of how a State government is managing its budget is its revenue expenditure (RE) about capital outlay (CO). While, the RE being on items such as salaries, wages, pension bills, subsidies etc essentially goes towards non-asset creating spending, CO results in the generation of capital assets thereby providing a foundation for income stream over some time. Greater emphasis on the latter is considered fiscally prudent whereas more of the former can lead to fiscal destabilisation. The record of many states on this crucial parameter is disconcerting. For all states, the total expenditure increased from around Rs 3428,000 crore in 2020-21 to Rs 5760,000 crore during 2024-25 (budget estimate).

As regards RE, it increased from Rs 3018,000 crore in 2020-21 to Rs 4840,000 crore in 2024-25. The CO increased from Rs 410,000 crore during 2020-21 to Rs 920,000 crore during 2024-25. These numbers yield a ratio of RE to CO or RECO of 5.2 (4840,000/920,000).

In several states, the RECO is much higher than even this national average. For instance, in Punjab, at 17.1 it is more than three times followed by Puducherry (14.1), Kerala (10.6) and Delhi (10.3). There are some better-performing states too such as Manipur having the best ratio (2.4), followed by Gujarat (2.9) and Sikkim and Arunachal Pradesh (3.1). However, the abnormally high RECO of other states pushes up the national average.

How does it compare with the Centre?

The total expenditure of the Central Government increased from Rs 3042,000 crore during 2020-21 to Rs 4820,000 crore during 2024-25. Of this, the RE increased from Rs 2603,000 crore during 2020-21 to Rs 3709,000 crore during 2024-25. On the other hand, its CO increased from Rs 439,000 crore during 2020-21 to Rs 1111,000 crore during 2024-25. So, RECO for the Centre is 3.3 in 2024-25 (3709,000/1111000) against 5.2 for the States.

Barring a couple of good performers like Gujarat which is doing even better than the Centre, most of the states have been reckless in their revenue spending and that includes a sharp rise in expenditure on subsidies. Since 2018-19, subsidies given by the states have grown 2.5 times to over Rs 470,000 crore being the budget estimate for FY 2024-25), The RBI cites farm loan waivers, free or subsidised services like electricity, transport, gas cylinders, and cash transfers to farmers, youth and women as key areas of incipient stress. It suggests that states need to adopt "next-generation" fiscal rules, time-bound glide paths for fiscal consolidation, and rein in subsidies and freebies so that it doesn't crowd out more productive expenditures. Such exhortations have been made umpteen times in the past not just by the RBI but also by several committees set by the government on 'expenditure reforms' from time to time.

Now, we have more jargon like "next-generation" fiscal rules to convey the same message with greater intensity.

The RBI posits these rules as "combining the medium-term fiscal sustainability objective with short-term flexibility allowing state governments more maneuverability in dealing with exogenous economic shocks". The banking regulator goes on "these will involve inter alia, the use of data analytics, including machine learning (ML) and artificial intelligence (AI); improved data transparency and disclosure practices; and strengthening the institution of State Finance Commissions to deliver public services more effectively and scale up social and physical infrastructure," Put simply, the RBI expects the State governments to not just bring about policy reforms and refinements to better target welfare schemes – focusing primarily on the poor sections of the society but also to galvanise the administrative machinery and institutions to deliver benefits efficiently and prevent misuse/diversion by making the best use of technology interventions.

Do the States understand?

The answer is a categorical 'no'. Forget a finely crafted system desired by the RBI and government committees, most of the states have put in place crude and non-transparent subsidy regimes call them freebies - a jargon for "something given free of charge" – all aimed at alluring voters and winning elections. The political parties have sought to cover under 'something' literally everything that touches the life of a person.

It includes free food, free health, free education, free LPG cylinder, free laptops, free transport, state support for marriage, and pilgrimage for the elderly; it's an unending list.

In the last couple of years, the freebies promised by them have become more brazen with parties coming out with 'cash transfers' to the account of voters. Such schemes mostly directed at women have won elections for the concerned parties in elections held during 2023 and 2024 in Madhya Pradesh (MP), Rajasthan, Chhattisgarh, Maharashtra, Jharkhand and Haryana. The parties compete with each other in offering more. A common refrain is 'Who will promise more"?

Look at this. In the budget for 2024-25, Delhi finance minister Atishi announced the Mukhyamantri Mahila Samman Yojana (MMSY) under which, the AAP government will give Rs 1000 per month to all the women above the age of 18 in the national capital. Now, ex-Chief Minister Arvind Kejriwal has increased the amount to Rs 2100 per month.

In response, the BJP has reportedly promised a still higher cash transfer of Rs 2500 per month. Let us be clear. Unlike 'normal' budget expenses which are planned and backed by well-orchestrated efforts to garner revenue, additional financial liabilities imposed by the freebies promised in the election manifesto affect the budgetary position of the State in a totally 'uncontrolled' and 'unplanned' manner. Moreover, these freebies don't have a sunset date meaning these will continue to be given 'eternally' – no matter which party rules. This is the surest invitation to fiscal catastrophe. Take the case of Delhi.

Already, without the MMSY, the financial position of the Delhi government has come to such a pass that CM Atishi has recently forwarded a request to the Centre seeking a loan of Rs 10,000 crore from the National Small Savings Fund (NSSF). Now, if AAP were to come to power yet again, MMSY @Rs 2100 a month would cost the exchequer an additional Rs 17,000 crore per annum.

Since 2018-19, state subsidies have grown 2.5 times to over Rs 470,000 crore (2024-25), courtesy freebies cult. This will increase exponentially, destabilising State budgets, and making a mockery of the much-touted fiscal consolidation drive. The Supreme Court has on several occasions observed that 'freebies are bad'. Will it force parliamentarians to enact a law to curb them?

(The writer is a policy analyst; views are personal)

THE TRANSFORMATIVE POWER OF MANTRAS

ASHWANI GURU JI

You might have heard of Sanjeevani Vidya given by Guru Shukracharya, which could bring back the dead to life, or of a certain herb called Sanjeevani buti, which brought back Lakshman to life. You may have also heard of the Madhu Vidya or Brahmavidya as possessed by Sage Dadhichi which could enable one to attain immortality, or the Chyawanprasha prepared by the Ashvini Kumars to restore the youth of Sage Chyawan.

These are not tales or works of fiction, the Vedic rishis were masters of Creation, the human body being a microscopic part of that. The proof that these were not fiction lies in the fact that most of the modern scientific discoveries have come from the Vedic shastras. You may visit www.dhyanfoundation.com to know which scientific discovery has come from which shastra. While most of the ancient Vedic healing sciences are lost in the dust of kaliyuga and most herbs have become extinct, a fraction of them still can be accessed and even that fraction is enough to achieve amazing results. Divya Chikitsa Mantras as detailed in Sanatan Kriya is one such gem from the treasure trove of Vedic gyan. Divya Chikitsa Mantras use sound and vibrations to bring about the desired effect and changes in your body.

When done right their healing and transformational effects are apparent for all to see. A combination of 7 mantras they work to unclog certain nadis (energy channels) and awaken specific centres, to channelise the force of divine energies for a practitioner. It is said that the body of a deva resides in the mantra. This has been practically experienced by each one who has attended a yagya at Dhyan Ashram where complete forms of the deities were invoked through specific chants manifested in the Yagya Agni. For the mantra to bear fruit, it has to be received from a Guru who is Siddha in the mantra, in line with the ancient Guru Shishya Parampara. Guru channelises the force of the respective deity in the mantra and also imparts the dhwani (correct pronunciation) of the mantra. The efficacy of a Vedic mantra depends on the correctness of its chant; faulty pronunciation of even a single syllable changes the entire meaning.

Taittiriya Samhita narrates the story of Tvashta in this regard. Tvashta performed a sacrifice to destroy Indra. He used the mantra, 'indrashatru' to manifest his thought. However, he placed a lofty note on the word 'Indra' instead of 'shatru' because of which the meaning of the word changed from 'slayer of indra' to 'the one who will be slain by indra' and thus the son, Vrutra, so born to him was defeated by Indra, just because of a pronunciation defect. To quote from Panini Shiksha, a mantra devoid of the correct vowels (svar) and consonants (varna) is faulty and does not convey its intended meaning.

It is like a verbal thunderbolt that harms the one who is chanting, as had happened in the case of erroneous pronunciation of the word, Indrashatru). The Vedic seers had mastered this incredible science of sound in the form of mantras, they were well aware of the high degree of specificity and precision that is required to harness the power of sound.

Shiksha, one of the six vendangas, deals with the science of proper pronunciation of words and laws of euphony. Volumes have been written on Shiksha by Panini, Yadnyavalkya and Vasishtha. Shatpath Brahman states that every alphabet of a word possesses some kind of strength and explains the secret of every alphabet. Therefore it is important that one partakes the vidya of mantras from a Guru. Reading from books /internet or hearing on television/social media and starting self-practice may have detrimental effects if the chant is not proper.

Festive cheer meets smart choices: Navigating the real estate

Rahul Mehrotra

With the festive season ongoing in full swing, there is a surge in consumer spending. This time is often marked by a flurry of purchases fuelled by tradition and sentiment. While the allure of buying a home can be particularly enticing during this festive period, buyers must approach such decisions with careful consideration. They must look beyond the festive fervour and reflect on key aspects that can guide them to make informed decisions.

Decoding Festive Demand

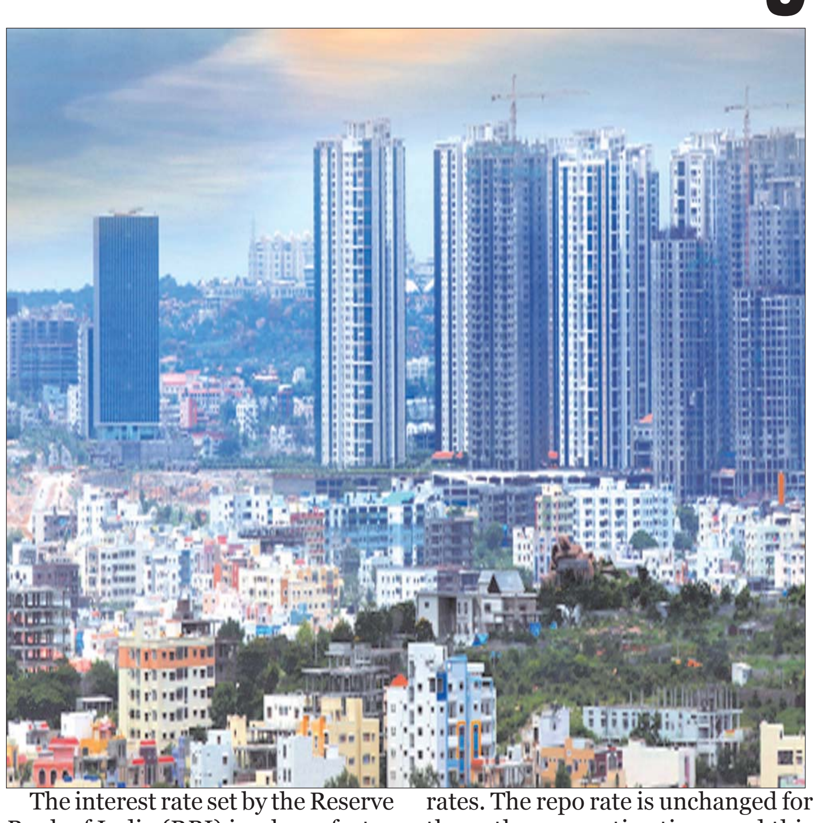
As per a report 'Unravelling the Trends Shaping India's Real Estate Market in 2024' by CBRE, from January to September, the luxury housing category collectively constituted 16 per cent of the overall housing demand.

This growth has spurred developers to launch new projects, resulting in the category representing 19 per cent of the total new launches during the first nine months of 2024. This trend is only going to grow further spurred by the festive season as buyers are investing in end-products that offer better amenities such as club-house, larger living spaces, and modern facilities. Metro cities, in particular, have seen a wave of new project launches by developers this year, catering to various buyer segments.

While luxury properties grab headlines, the affordable housing sector remains the backbone of India's real estate market as this is where buyers purchasing their first home find the most value.

Having said that, many first-time homebuyers are compelled to buy a property given the abundant promotional offers and incentives provided by realtors. It is so because the festive season spurs confidence as it often coincides with salary increments, bonuses, and a general uptick in economic activity. However, buyers much before they scout for a property, should evaluate the long-term aspects. Questions such as - "Can I support paying the EMI?" or "Is it the right approach" may seem overwhelming at first, but assessing one's worth is very crucial at this stage.

Interest Rate Matters



The interest rate set by the Reserve Bank of India (RBI) is a huge factor in deciding other crucial interest rates. The repo rate is unchanged for the 10th consecutive time, and this implies that the Equated Monthly Instalments (EMIs) are likely to remain manageable. Further to this, I believe there would be a pickup in demand for housing loans as the festive season progresses. Recent data from the RBI reveals a remarkable 40 per cent increase in home loan deployment, highlighting the diminishing gap between monthly rents and EMIs. Additionally, 80 per cent of aspiring homeowners preferred home loans as the top choice for property acquisition this year.

Typically, possessions and property deliveries are scheduled in the latter half of November, aligning perfectly with the festive momentum.In addition to stable interest rates and EMIs, the array of offers and discounts available during the festive season can be another key factor of consideration. However, it's essential to look for transparent offers that can help avoid hidden fees and unexpected costs. One should seek out reduced processing fees, flexible repayment plans, cashback schemes, and opportunities for negotiation that can make the festive season an advantageous time to invest.

What Should Buyers And Investors Do?

Investors and buyers must focus on long-term value by evaluating their income and cash flows to ensure manageable EMIs. The festive season can be an opportunity to reduce upfront costs and select properties in developing areas with strong amenities and connectivity for better appreciation. The predictability in EMI outflows coupled with festive discounts can make the dream of homeownership more achievable. First-time buyers, particularly in the affordable housing segment, must rely on loans to bridge the financial gap as well as look for special offers and discounts.

While festive discounts are great, buyers should align their decisions with pragmatic goals rather than being swayed by just sentiment. Buying a property during a festive season is certainly the start of a prosperous journey, but to truly benefit, one needs to have a stable financial plan - whether it's the first home or adding to one's portfolio.

(The writer is MD & CEO, RHDFCL; views are personal)