

Isaac a proponent of fiscal extravaganza: Economist

Pre-Budget Debate Turns 'Ugly'

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Disagreements between finance minister Thomas Isaac and economist B A Prakash (in picture) during pre-budget consultations lead to open FB spat

Thiruvananthapuram: The pre-budget consultations initiated by finance minister T M Thomas Isaac has spurred a debate on the necessity to control fiscal extravaganza fuelled by political considerations to save the state's exchequer. Economist B A Prakash who spoke about fiscal extravaganza as the worst vice that plagued our economy was criticised sharply by minister Isaac.

The argument between Isaac, an economist-turned-politician and Prakash, the former chairman of the Kerala public expenditure review committee and fifth finance commission, during Monda-

y's consultations spilled out of the discussion room on Tuesday when Isaac posted on Facebook his disagreement with Prakash's arguments. Prakash, on Wednesday, retorted with a detailed reply.

For long, Prakash has been cautioning about the fiscal extravaganza in the state. Cost cutting should begin at the top and trickle down to bottom, he has argued. The huge cost incurred by the government in the form of jumbo personal staff of ministers, luxury vehicles and limitless re-imbursement of bills by ministers and MLAs were part of the work 'Dhana dhoorthu rashtreeyavum rooksha dhana prathisandhiy-

um' (Fiscal extravagant politics and deep fiscal crisis) penned by Prakash last year.

According to Prakash, he pointed out key arguments against fiscal extravaganza and urged the minister to announce drastic cost-cutting measures in the next budget. "Take our public service commission. There are 21 members making it the biggest in the country. Personal staff of ministers who had worked just two years would get life-long pensions. During the last assembly, an MLA claimed Rs 1.90 crore as medical reimbursement," Prakash listed out examples to support his argument.

Isaac said Prakash always

took a stand opposite to that of his on almost all issues. "He is against KIIFB. He says such initiatives should wait till the exchequer gets back to perfect health. My argument is that such a long wait would be bad for the state. Similarly, he demanded to reduce non-plan expenditure. He suggested that pay revision should be once in 10 years and loss-making PSUs should be privatized. None of these suggestions are appealing to me," Isaac posted.

Prakash retorted saying that Isaac was a proponent of fiscal extravaganza. "Such policies will drive our state into a debt trap and anarchy. Government says Rs 30,000 crore worth projects under KIIFB have been sanctioned. It is not possible to levy user fee from KIIFB projects. That means government will have to pay principal and interest of this loan from tax collection. This will be disastrous," Prakash replied on his FB page.