



04-12-2024 NEWS

Challenges of Urbanization

- According to the Youth Climate Change Makers organization, 57.8% of the global population currently lives in urban areas, and this figure is expected to double by 2050.
- The increasing urban population is creating several challenges, and experts warn that if this trend continues, many urban areas may become uninhabitable.

Growing Urbanization

- Urbanization is intensifying in countries of the Global South. However, due to a lack of infrastructure and resources, cities in these regions face significant challenges, particularly land shortages.
- Climate change exacerbates the problem, leading to heavy rains, floods, and heatwaves that affect urban populations.
- Countries like India, China, and Nigeria are expected to experience significant urban population growth, requiring urgent planning to address these challenges.

Urbanization in India

- India's urbanization pattern is distinct from that of Northern countries, where industrial revolutions triggered urban growth.
- In Western countries, industrial jobs attracted rural laborers, fueling urbanization. Resources exploited from colonies also sustained this growth.
- For instance, historian Utsa Patnaik highlights that India contributed \$45 trillion to Britain during colonial rule.
- However, urbanization in India is intertwined with poverty, unlike the structured growth seen in Western nations.
- For example, during the COVID-19 lockdown, many urban workers lost their jobs and migrated back to rural areas, exposing gaps in India's urban planning.

Problems in Indian Urbanization

- According to the World Bank, around 40% of India's population lives in urban areas. Census data shows that urban population increased from 27.6% in 2001 to 31.16% in 2011.
- While cities aim for sustainable growth, issues like poverty, unemployment, environmental degradation, and social inequality persist.
- Poor implementation of building regulations has also led to overcrowding in major cities.

Outdated Plans and Rising Challenges

- Industrial activities in cities like Delhi, Surat, and Mumbai were reduced during the 1980s, leading to job losses and migration to suburban areas.
- Notably, 41% of India's population resides in slums. Additionally, 90% of urban jobs are in the informal sector, offering inadequate protection for workers.
- Environmental challenges such as water scarcity and air pollution are becoming severe due to population growth.
- According to IQAir, a Swiss organization, India ranked third in 2023 for worst air quality globally, with 42 Indian cities among the top 50 most polluted.

Proposed Solutions

- By 2050, 800 million people are projected to live in India's urban areas, potentially reducing life expectancy due to air pollution and other health issues.
- Public transport, like trains and buses, must be improved to reduce reliance on private vehicles.
- Advanced wastewater management systems should be implemented to tackle floods during extreme weather events.

- Rural areas must be developed with basic amenities like water, roads, electricity, transport, and employment opportunities to ease urban overcrowding.
- Revitalizing outdated urbanization plans and focusing on sustainable, well-planned development is essential. The government must remember that unplanned growth impacts both livelihoods and resources.

Banking Law Reforms

- Currently, bank account holders can nominate only one person to inherit funds after their death.
- Under proposed reforms, up to four nominees can be designated. The bill also aims to improve governance standards, safeguard depositors and investors, and extend the tenure of public bank directors.
- For cooperative banks, the tenure of directors (excluding the chairman and full-time directors) will increase from 8 to 10 years.

Key Amendments:

- The bill introduces 19 amendments across laws like the Reserve Bank of India Act, Banking Regulation Act, State Bank of India Act, and others.
- It aims to reduce the government's stake in public sector banks from 51% to 26%, paving the way for privatization.

New Criminal Laws Fully Implemented in Chandigarh

- India replaced its older criminal laws with the Bharatiya Nyaya Sanhita (BNS), Bharatiya Nagarik Suraksha Sanhita (BNSS), and Bharatiya Sakshya Adhinyam (BSP), effective July 1, 2024.
- These laws address modern challenges like cybercrime and organized crime. Chandigarh has become the first city to implement them fully.

Will the Finance Commission Deliver Justice to Tamil Nadu? How Does Revenue Sharing Work?

- Currently, states receive only one-third of tax revenue.
- The central government collects two-thirds of the revenue but is responsible for only one-third of expenditures, such as defense, foreign affairs, and disaster relief.
- States, however, handle two-thirds of the spending, including health, education, social welfare, infrastructure, and debt servicing.
- To address this imbalance, the central government allocates a portion of tax revenue to states, a process determined by the Finance Commission.

Role of the Finance Commission:

- As per Article 280 of the Indian Constitution, the Finance Commission is constituted every five years to decide the share of revenue between the center and states.
- The 15th Finance Commission (2021–26) recommended that 41% of total tax revenue be allocated to states.

Upcoming 16th Finance Commission:

- The 16th Finance Commission will decide the revenue-sharing formula for 2026–31, with its report expected in October 2025.

First Stage of Revenue Sharing – Vertical Devolution

- Vertical devolution refers to determining the percentage of total tax revenue allocated to states.
- The 15th Finance Commission recommended allocating 41% of tax revenue to states.

Impact of Cesses and Surcharges:

- Over the years, the central government has introduced "special taxes" like cesses and surcharges, which are not shared with states.
- In 2012, these taxes accounted for 10% of revenue; by 2019, they had risen to 20%, reducing the funds available for states.

Tamil Nadu's Demand:

- Tamil Nadu has requested an increase in the states' share from 41% to 50%. While other states have echoed this demand, Tamil Nadu's arguments have been praised for their clarity by Dr. Arvind Panagariya, chairman of the Finance Commission.

Second Stage of Revenue Sharing – Horizontal Devolution

- Horizontal devolution determines the specific amount allocated to each state.
- Until the 14th Finance Commission (2015–20), the 1971 population census was used as the basis for allocation. This policy protected states that controlled population growth, particularly in the South.
- However, the 15th Finance Commission adopted the 2011 population as the basis, favoring states with higher population growth and disadvantaging states like Tamil Nadu.

15th Finance Commission Allocation Parameters:

- Population (15% weight): Beneficial to high-population states.
- Population Control Efforts (12.5% weight): Should benefit states with controlled populations like Tamil Nadu.
- Income Gap (45% weight): Allocates more funds to poorer states.
- Forest and Environment (10% weight): Supports states with significant forest cover.
- Tax Collection Efficiency (2.5% weight): Rewards states with better revenue collection.
- Area (15% weight): Benefits larger states.

Outcomes:

- Tamil Nadu received only 10 points for population control, while Uttar Pradesh, which has not controlled its population, received 12.5 points.
- For income gap, Tamil Nadu scored just 2 points, while Uttar Pradesh scored 27 points due to its lower income levels.
- Overall, the first three parameters (72.5% weight) favored high-population states, while the last three parameters benefited large states with significant forest cover.

Disparities in Allocation:

- The five southern states collectively received only 13.7% of funds, while Uttar Pradesh alone received 17.94%.

Tamil Nadu's Proposals for Equitable Sharing:

- Tamil Nadu highlighted its declining share, from 8% during the 9th Finance Commission to just 4% under the 15th Finance Commission.
- The state advocated for the use of the 1971 population census instead of 2011, emphasizing fairness and sustainability.

Suggested Allocation Parameters:

Population (1971)	–	20%
Population Control Efforts	–	20%
Income Gap	–	35%
Contribution to National Economy	–	15%
Urbanization	–	10%

- By adopting these parameters, Tamil Nadu aims to achieve a balanced and just distribution of revenue, promoting sustainable development across all states.



வெற்றியின் முகவரி

