

A CENTRE-STATE SKEW FURTHER WIDENED

SYLLABUS: GS PAPER-II (FISCAL FEDERALISM)

CONTEXT: The Chief Ministers expressed their concern about the dwindling State revenues in a NITI Aayog meeting chaired by the Prime Minister.

They sought a higher share in the divisible pool of taxes and an extension of GST compensation, both of which have long remained a cause of disagreement between the Union government and the States.

REASONS FOR THE POOR FINANCIAL HEALTH OF THE STATES

- Slowdown in growth in 2019-20.
- **Implementation of the Ujwal DISCOM Assurance Yojana:** Ujjwal DISCOM Assurance Yojana is the financial turnaround and revival package for electricity distribution companies of India initiated by the Government of India.
- Providing farm loan waivers.
- Heightened health and other expenses during the pandemic.
- **Revenue shortfall:** Due to the reduction in gross tax revenues of states during the pandemic and the States' share of the Union government's taxes recorded a steep fall of 15% and 9% in FY20 and FY21, respectively.

CONCERNS ASSOCIATED WITH THE PRESENT FORM OF FISCAL FEDERALISM

Lower resource raising powers despite larger expenditure responsibility:

- The share of the States in the divisible pool remains low despite them having to carry a higher burden of expenditure in terms of development and welfare-related responsibilities.
- The Union government has higher taxation powers when compared to the states. **According to the 15th Finance Commission's report**, the Union government raised 62.7% of the total resources raised by the Union government and States, while States had borne 62.4% of the aggregate expenditure for the 2019 fiscal year.

Failure to ensure mandated devolution to states as per Finance Commission recommendations:

- Despite the recommendations of the Finance Commission for increasing the share of the States in Central taxes, the actual share of states has never reached the mandated level. In fact, **the gap between the actual devolution and the level recommended by the Finance**

Chart 1 | The chart shows the Union government's (—) and States' share in total resources raised and total expenditure borne in FY19 (—)

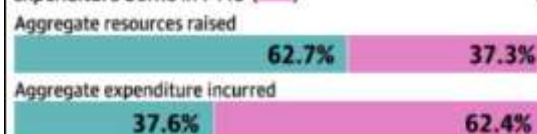
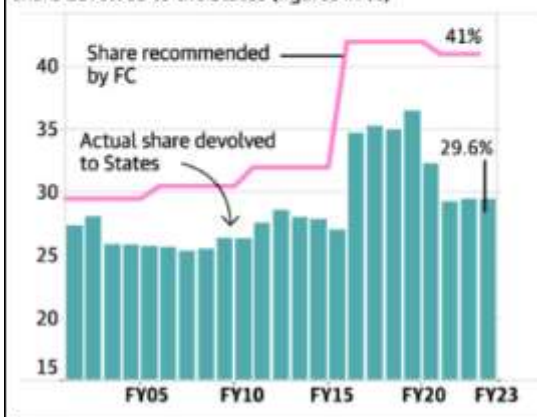


Chart 2

The chart shows the States' share in the divisible pool of taxes mandated by the Finance Commission and the actual share devolved to the States (figures in %)



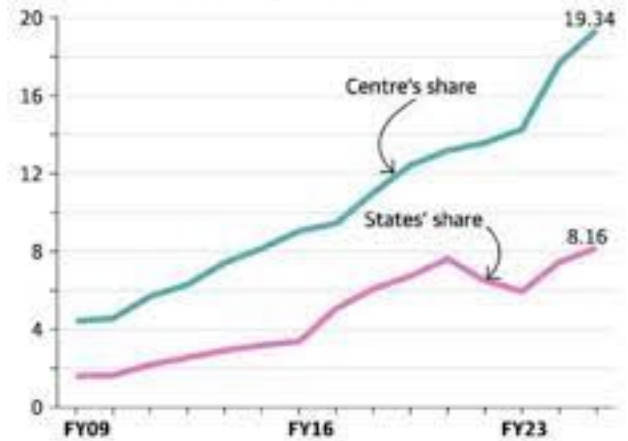
Commission has widened to more than 11 percentage points, the highest in at least two decades.

- Though successive Finance Commissions have recommended an increase in the divisible pool, **the share of the States in the divisible pool has been almost stagnant at around 29%** after having reached a peak of 36.6% in FY19.

Increasing use of cesses and surcharges:

- The share of cesses and surcharges in gross tax revenue has risen significantly in the past few years. The Union government has been able to raise its revenue by levying cesses and surcharges that are not shareable with the States.
- This is the reason that the share of gross tax revenue of the states witnessed a sharp decline in the fiscal years-2020 & 2021.

The chart shows the States' and Union government's share of gross tax revenue in ₹ lakh crore. States' share of Centre's taxes recorded a steep fall in FY20 and FY21. But, the Union government's share continued to rise



FACTORING IN THE RISK

SYLLABUS: GS PAPER-III (DISASTER & DISASTER MANAGEMENT)

CONTEXT: At least 25 people were killed over the weekend as torrential rains triggered flash floods and landslips in Himachal Pradesh and Uttarakhand. Several arterial roads were blocked by debris, as currents washed away bridges and vehicles. This highlights the challenges associated with the development activities in hilly areas.

Mandi, Kangra and Chamba districts of Himachal Pradesh were the worst-affected districts.

PRESENT TREND OF INDIAN MONSOONS AND ITS IMPACT ON HILLY REGIONS

- The monsoon sheds around 75% of India's annual rainfall into four months and unevenly waters the highly diverse terrain of the country.
- Monsoon rain patterns are being disrupted leading to a rise in cloudburst-like events as well as a rise in the frequency of high-energy cyclones and droughts.
- For instance, monsoon rainfall over India is 8% more than what is usual for this time of the year. While this has created a better situation for agriculture in some regions, it has resulted in floods and concentrated downpours with devastating consequences in other regions. Mountain areas are far more vulnerable and bear a disproportionate impact of climate change.

IMPACT OF THE NATURAL DISASTER

- Apart from the loss of life, severe damage has been imposed on the infrastructure of the states.
- Farmers have lost their crops and cattle to the rain resulting in an adverse impact on the livelihood of the poor and vulnerable sections.
- The damage caused by the disaster to public infrastructure and the required reconstruction as well as the rehabilitation of the affected people will result in strain on the finances of the state exchequer.

- The lack of transport facilities will impact economic activities and the closure of schools will lead to a loss of productive hours for the children.

FACTORS CONTRIBUTING TO THE VULNERABILITY OF THE MOUNTAINOUS REGIONS

- **Unique topography and unstable terrain:** The Hill States such as Himachal Pradesh and Uttarakhand have **unique topography which is naturally vulnerable to natural disasters** such as landslides and earthquakes. Owing to their unique topography they have an **unstable terrain** making these states far more vulnerable to natural disasters.
- **Climate change:** Monsoon rain patterns are being disrupted leading to a rise in cloudburst-like events as well as a rise in the frequency of high-energy cyclones and droughts.
- **Unsustainable development of mountain areas** over the years has increased the vulnerability of these regions to natural disasters by upsetting the ecological balance of various physical processes.

RECOMMENDATIONS

- There is a need **to improve the system of early warning forecasts with respect to weather forecasts and warnings about flash floods as well as lightning.** These to be accurate and timely to provide enough time for the authorities to prepare themselves.
- Sustainability should be the most important guiding factor while developing the infrastructure of the region. Infrastructural development in the region cannot come at a heavy environmental cost, given that such growth and development will not be sustainable.
- The increased risk and cost of infrastructure projects in the region should be factored in when they are tendered out by the government, and scientific advice regarding development ought to be strictly adhered to.

PRELIMS FACTS

INTERNATIONAL DAY FOR THE REMEMBRANCE OF SLAVE TRADE AND ITS ABOLITION

- The United Nations observes 23 August every year as “International Day for the Remembrance of the Slave Trade and its Abolition”.
- The day was designated by UNESCO to not only memorialize the transatlantic slave trade but also to honor the memory of the people who, in **Saint-Domingue in 1791**, revolted and paved the way for the end of slavery and dehumanization.
- It was on the night of 22 and 23 August 1791, in **Santo Domingo (today Haiti and the Dominican Republic)** that saw the beginning of the uprising that played a crucial role in the abolition of the transatlantic slave trade.
- During imperial times, racist ideology was a basis for unjust political, social, and economic practices which helped imperial powers in building their economies. **Slave trade was thus the result of imperialism and racism.**
- Trans-Atlantic Slave trade involved **the transportation by slave traders of enslaved African people, to the Americas.** It remains one of the darkest chapters of human history where one race of human beings was bought and sold as commodities.

KERELA SAVARI

- Kerala has soft launched ‘Kerala Savari,’ the **country’s first online taxi service owned by the state government, to ensure fair and decent service to passengers along with fair remuneration to auto taxi workers.**

- Operated by the **Motor Workers Welfare Board** under the aegis of the Labour Department, the Kerala Savari ensures safe travel for the public at 'government approved fares' without any 'surge pricing.'
- The 'Kerala Savari' app would be made available to the public on online platforms shortly as it is under the scrutiny of Google now.
- It is claimed as a safe and reliable online service for women, children, and senior citizens.
- A police clearance certificate is mandatory for drivers joining the scheme apart from the required proper training.
- A panic button system has been introduced in the app. This button can be pressed in the event of a car accident or in cases of any other danger. One can do it completely privately. If the driver presses the panic button the passenger will not be alarmed and the same goes for when the passenger presses the panic button.

TOMATO FLU

- A new infection dubbed **tomato flu, or tomato fever**, has been detected in India mostly among children younger than five, according to a report in the Lancet Respiratory Journal.
- Tomato Flu is a **viral disease caused by Coxsackie virus A 16 that belongs to the Enterovirus family.**
- The name of the flu is based on the eruption of red blisters giving a resemblance to a tomato.
- The primary symptoms observed in children with tomato flu are like those of chikungunya. These include **high fever, rashes, and intense pain in joints.**
- **Transmission:** Children are at increased risk of exposure to tomato flu as viral infections are common in this age group. It is contagious and its spread is likely to be through close contact.
- **Treatment:** Tomato flu is not only like chikungunya and dengue, but also to hand, foot, and mouth disease. Thus, the treatment is also similar i.e., **isolation, rest, plenty of fluids, and a hot water sponge for the relief of irritation and rashes.**

TO KEEP VIRUS AT BAY	WHAT IS TOMATO FLU?	SYMPTOMS
 <p>CAUTIONS: Officials screening the children travelling to the district from Kerala for symptoms of tomato flu</p>	<p>According to the health department officials, it is a kind of viral infection in children aged below five years. The fever is accompanied by rashes, skin irritation and dehydration. Infected people may develop blisters, which generally appear red in colour. Hence the name tomato flu or tomato fever. Medically, it is known as the hand, foot and mouth disease</p>	<p>PREVENTIVE MEASURES</p> <ul style="list-style-type: none"> > Avoid scratching the blisters > Keep the child hydrated > Maintain clean surrounding > Avoid contact with the infected people > Approach the nearest health centre 