Cities and finance

- After three decades of reforms, urban finance predominantly comes from the government
- Of the finances needed to fund urban capital expenditures, 48%, 24%, and 15% are derived from the central, State, and city governments, respectively. Public–private partnership projects contribute 3% and commercial debt 2%.
- The World Bank estimates that nearly $840 billion (₹70 lakh crore) would be needed for investment in urban India to meet the growing demands of the population, and $55 billion would be required annually.
- The flagship programmes of the government, the Smart City mission, the Atal Mission for Rejuvenation and Urban Transformation (AMRUT), the Pradhan Mantri Awas Yojana (PMAY), etc., are not more than ₹2 lakh crore (that too for a period of five years).
- So, how will such a gap between demand and supply be matched.
- Cities must institute a buoyant revenue base and be able to recover the cost of providing its services".

Steps needed

- For the urban context, plans must be made from below by engaging with the people and identifying their needs.
- Empowering the city governments and the people at large is the second point.
- In the national task force that reviewed the 74th Constitutional Amendment, chaired by K.C. Sivaramakrishnan, many suggestions were made such as empowering the people, transferring subjects to the city governments, suggesting that 10% of the income- tax collected from cities be given back to them and ensuring that this corpus fund was utilized only for infrastructure building.
- This would ensure that city governments had an advantage in ensuring rapid transformation.
- Another important aspect of urban infrastructure is linked to urban governance, which is in a shambles in most parts of the country.
- Regular elections should be held in cities and there must be empowerment through the transferring of the three Fs: finances, functions, and functionaries.

THE HINDU

Gig workers

- On September 20, 2021, the Indian Federation of App- based Transport

Workers, on behalf of gig workers, filed a public interest litigation in the Supreme Court demanding that the Union government provide succour to workers affected by the pandemic.

- The petition has asked for 'gig workers' and 'platform workers' to be declared as 'unorganized workers' so they come under the purview of the Unorganised Workers Social Security Act, 2008.
- China strode ahead in this regard. Owing to public pressure, two of its food delivery platforms, Meituan and Ele.me, committed to end the practice of forcing workers to register as 'independent businesses', which has long helped these platforms evade responsibilities as employers.

The Indian context

- The situation is vastly different in India.
- Any reform in this sector is led wholly by delivery workers, not the public.
- For 27 days in 2020, close to 3,000 delivery workers from Swiggy went on strike in Hyderabad to protest the slash in remuneration from ₹35 to ₹15 per order.
- The strikes disbanded only after the Joint Commissioner of the Labour Department called a hearing with the platform's operations manager and the workers' union.
- It was the first time in India that such a negotiation was taking place, that too on the street.
- This year, in the lead-up to Zomato's July IPO, several anonymous Twitter accounts set up by delivery workers called customers' attention to what they deem as "exploitative practices" employed by platforms.
- The PIL in the Supreme Court is another major step in this regard.
- The biggest lesson from China is the swell of public opinion that has partly led to government regulation and changes in company policy.
- In the U.S., a gig workers collective has urged customers to delete the Instacart app as a show of solidarity until demands for better working conditions are met.

THE HINDU

Energy transition and change in finance

- India's financial sector is highly exposed to the risks of the economy transitioning from being largely dependent on fossil fuel to clean energy.
- 60% of the lending to the mining sector was for oil and gas extraction,

while one-fifth of the manufacturing sector debt is for petroleum refining and related industries.

- Electricity production is by far the largest source of carbon emissions.
- In 2021, Prime Minister Narendra Modi committed India to reach net-zero emissions by 2070.
- India has also announced plans to source half of its electricity needs from non -fossil fuel sources by 2030.
- However, the country has also maintained that it needs financing to the order of at least a trillion dollars to meet these commitment.
- India's financial sector is heavily exposed to potential transition risks.
- India is expected to launch its first-ever sovereign green bonds auction
- High- carbon industries power generation, chemicals, iron and steel, and aviation account for 10% of outstanding debt to Indian financial institutions.
- However, these industries are also heavily indebted, and therefore have less financial capacity to respond to shocks and stresses.
- Coal currently accounts for 44% of India's primary energy sources and 70% of its power generation.
- The country's coal- fired power plants have an average age of about 13 years and India has 91,000 MW of new proposed coal capacity in the works, second only to China.
- According to the Draft National Electricity Plan, 2022, coal's share in the electricity generation mix will decrease to 50% by the year 2030, compared to the current contribution of 70%.

THE HINDU

Passive fund

What Are Passive Funds?

- Passive funds don't change their portfolios frequently, so they buy or hold a stock to gain from the price appreciation of the underlying security over time.
- An example of a passive fund is the Nifty BeES, which tracks the Nifty 50 Index.
- Passive index funds and ETFs track their respective indexes and buy the same stocks or hold until the tracked index's portfolio construction changes.
- Since passive funds do not involve frequent buying and selling stocks for short-term gains, the fund management fee is generally lower than the actively managed funds.

THE HINDU