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NEW ZEALAND AGREEMENT

» Import - Export

- India's share in New Zealand's imports is only 1.84%. It can be hoped that the trade between the two countries will at least double in the next five years.
- New Zealand has come forward to provide 100% import duty exemption for all of India's exports.
- The 10% import duty on ready-made garments, leather goods, engineering spare parts, and footwear has been withdrawn.
- Similarly, the 5% tax on products including pharmaceuticals, agro-value-added products, and electronic devices is being removed by New Zealand.
- New Zealand imports textiles and ready-made garments worth \$1.9 billion annually.
- Engineering-related goods, leather goods, medicines, plastic products, and marine products worth \$11 billion are imported by New Zealand. Now, its doors have been opened to India.
- New Zealand has withdrawn the 10% import duty imposed on ceramics, footwear, motor vehicles, and motor vehicle spare parts exported from India.
- Similarly, India is now canceling the 95% import duty it had imposed on items such as wool, coal, alcoholic beverages, and fruits including avocado and blueberry.
- It cannot be said that India has opened the doors for imports altogether through this trade agreement.
- It must be noted that India has not provided any tax concessions to New Zealand for agricultural products produced in India, including dairy products, onions, sugar, spices, cooking oil, and rubber.

» Why this agreement

- The strength of the India-New Zealand relationship lies in how both countries complement each other. India is a country with a population of 140 crore and a world-class service infrastructure.
- A large part of it consists of the consumption-driven middle-income group. New Zealand has gained access to this massive market that offers opportunities for trade.
- Similarly, India can obtain advanced technology in the agriculture and manufacturing sectors from New Zealand.
- There is another reason for New Zealand to enter into a trade agreement with India. Currently, New Zealand imports most of its requirements from China.
- It is no surprise that New Zealand desires to establish a close relationship with India, the next growing economy, instead of relying solely on China.
- Both India (49.9%) and New Zealand (67.4%) are economies driven by the service sector. Markets have been opened for 118 services between the two countries, such as tourism, education, computer technology, and communication, and the opportunity for travel between the two nations has also been made easier.

- A notable feature in this agreement is the 'Temporary Entry Permit' (Temporary Visa). Through this, 5,000 people from sectors including information technology have been granted permission to stay and work in New Zealand for a period of three years.
- Experts who are Indian 'AYUSH' medical graduates, Indian culinary experts, and music teachers, among others, can work in New Zealand.
- Similarly, the agreement allows Indian students studying in New Zealand to get part-time employment for 20 hours a week.
- New Zealand is a leader in agricultural technology and food processing. This agreement will pave the way for us to obtain them.
- Even if New Zealand, which has invested 422 billion dollars globally, invests at least 10% of that in India, it would mean this agreement is a success!

IS URBANIZATION THE ONLY DEVELOPMENT?

» Expanded Roles

- Under Article 280 of the Constitution, the Finance Commission, established by the President every five years, is a very important body that determines the financial distribution between the Central and State governments.
- After the 73rd and 74th Constitutional Amendments carried out in 1993, the role of this Commission expanded significantly.
- This body has the responsibility to recommend how financial distribution should be done not only for the State governments but also for Rural Local Bodies and Urban Local Bodies.
- Based on the recommendations of the respective State Finance Commissions, measures are currently being taken to increase the Consolidated Fund of a state to augment the resources of Rural Local Bodies and Urban Local Bodies.

» Importance to Urbanization

- Every Finance Commission explains its Approach before making recommendations.
- The 16th Finance Commission has uniquely mentioned urbanization for the first time. The Commission believes that 'rapid urbanization will act as a catalyst for economic growth.'
- However, a question arises whether such an approach has provided a broad perspective encompassing India's socio-political contexts.
- Urban development is not solely related to economic growth; it has many dimensions including social equality, public participation, environmental sustainability, and livelihood security.
- Excluding these and viewing urbanization only as the primary driving factor does not fully align with the objective of inclusive development.

» Quality of Data

- From the 10th Finance Commission to the present, the financial share for urban local bodies has been steadily increasing.
- However, what is the quality of the data underlying this increase? Even in the same 16th Finance Commission report, it is mentioned that issues related to the quality of financial data for local bodies persisted until the end.
- Under these circumstances, continually increasing the share of urban local bodies without ensuring data quality may create major problems in planning and fund allocation.
- A new concept called 'Urbanisation Premium', which was not present in the 14th and 15th Finance Commissions, is emphasized in the 16th Commission.

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- Its essence is that additional incentives will be provided if states accelerate urbanization.
- This creates the appearance of a commission, which should maintain fiscal balance, acting like a policy body that promotes urbanization.
- » Where is the Devolution of Power?
- This Commission recommends an alternative policy (Rural-Urban Transition Policy) to merge villages near cities (Semi-Urban Villages) with urban local bodies. However, there are no clear references to the authority of the Gram Sabha in this.
- In Tamil Nadu, many village panchayats have passed Gram Sabha resolutions opposing mergers with municipalities; protests are also being conducted.
- This is their constitutional right. However, the 16th Finance Commission, by mentioning 'Public Consultation' without talking about the Gram Sabha, creates the danger of reducing the authority of village panchayats.
- The 73rd and 74th Constitutional Amendments stated that local bodies would formulate plans for local economic development and social justice.
- However, these two important aspects are not featured in the 16th Finance Commission report. In the 14th and 15th Finance Commission reports, there was a separate chapter on local bodies titled 'Local Governments'.
- But in the 16th Finance Commission report, it is referred to as 'Local Bodies'. Though this change in language seems small, it reflects a tendency to view local bodies merely as administrative structures.
- Local bodies are not just organizations; they are a third-tier government recognized by the Constitution. It is noteworthy that the 14th Finance Commission points this out.
- In many states, the failure to conduct local body elections on time every five years remains a major problem. However, there is no mention of this in the 16th Finance Commission report.
- The 16th Finance Commission says that the Gram Sabha will decide which works can be carried out by rural local bodies using the provided funds (Tied and Untied Grants).
- It has ensured public participation in works necessary for village development. However, it says nothing about public participation in urban local bodies.
- There is also no significant discussion regarding structures like Area Sabha that ensure public participation in urban local bodies. Strengthening such structures in Tamil Nadu would help improve urban local democracy.
- » Necessity of Urban-Rural Balance?
- Another question is whether encouraging urbanization is related to strengthening the administrative efficiency and service delivery capacity of cities.
- In many Indian cities, various problems already exist in basic services such as drinking water, sewage management, housing facilities, and transport.
- Under these circumstances, if tasks such as expanding urban boundaries and merging new areas with municipalities are carried out without increasing the capacity of local administrative structures, it may further complicate urban administration.
- Similarly, by approaching urbanization as the only way to development, there is a danger of rural development being pushed to a secondary status.
- India's social structure is largely centered around villages. Encouraging urbanization alone, without strengthening rural local bodies and ensuring their economic and social growth, will create imbalanced development.
- Encouraging urbanization is indeed necessary. But it must not affect the authority of village local bodies, the objective of social justice, and public participation.