



Eliminating Maoist Insurgency

For Prelims: [Central Reserve Police Force](#), [Commando Battalion for Resolute Action](#), [Operation SAMADHAN](#), [Pradhan Mantri Gram Sadak Yojana](#), [Aspirational Districts Programme](#), Civic Action Program, [Forest Rights Act, 2006](#), [Unlawful Activities \(Prevention\) Act, 1967](#), [Forest Conservation Act, 1980](#), [Fifth](#) and [Ninth Schedules](#), [Tribal Advisory Councils](#).

For Mains: Issues and Challenges Associated with Left Wing Extremism in India.

[Source: PIB](#)

Why in News?

Recently, the **Union Home Minister** paid tributes to the martyrs who have laid down their lives fighting [Maoist Insurgency](#) (Naxalism) at **Amar Shaheed Smarak, Jagdalpur, Chhattisgarh**.

- He also said that by **March 2026**, India will be **completely free from maoist insurgency** (Naxalism) using the **three-pronged strategy**.
 - The **three-pronged carrot-and-stick strategy** involves **Security measures, development, and empowerment** to deal with Maoist Insurgency.

What is the Three-Pronged Strategy to Eliminate Maoist Insurgency?

- **Security Measures (Force):**
 - **Deployment of Security Forces:** Strengthening the presence of **Central and State police forces** in Left Wing Extremism (LWE)-affected areas.
 - **Joint Operations:** Coordinated actions between **state police** and central armed forces like the [CRPF \(Central Reserve Police Force\)](#) and [COBRA \(Commando Battalion for Resolute Action\)](#).
 - **Capacity Building:** Upgrading weapons, communication systems, and infrastructure for forces. E.g., **use of Mini UAV** for CAPF battalions, **solar lights, mobile towers** etc.
 - **Operation SAMADHAN:** A focused approach addressing intelligence gathering, operational strategy, and development.
- **Development Initiatives:**
 - **Focused Development Schemes:** Implementation of flagship programs such as:
 - [PMGSY \(Pradhan Mantri Gram Sadak Yojana\)](#): For rural road connectivity.
 - [Aspirational Districts Programme](#): The government has approved the construction of 15,000 houses in Naxal-affected regions.
 - Efforts are underway to achieve **100% saturation** of government welfare schemes in every village
 - **Skill Development in 47 LWE Affected Districts Scheme:** Specifically tailored for LWE-affected areas.
 - **Civic Action Program (CAP):** Providing financial grants for CAPFs to undertake various welfare activities in the LWE affected areas
 - **Special Infrastructure Scheme:** Creation of basic infrastructure like **roads, bridges, and schools** in remote areas.

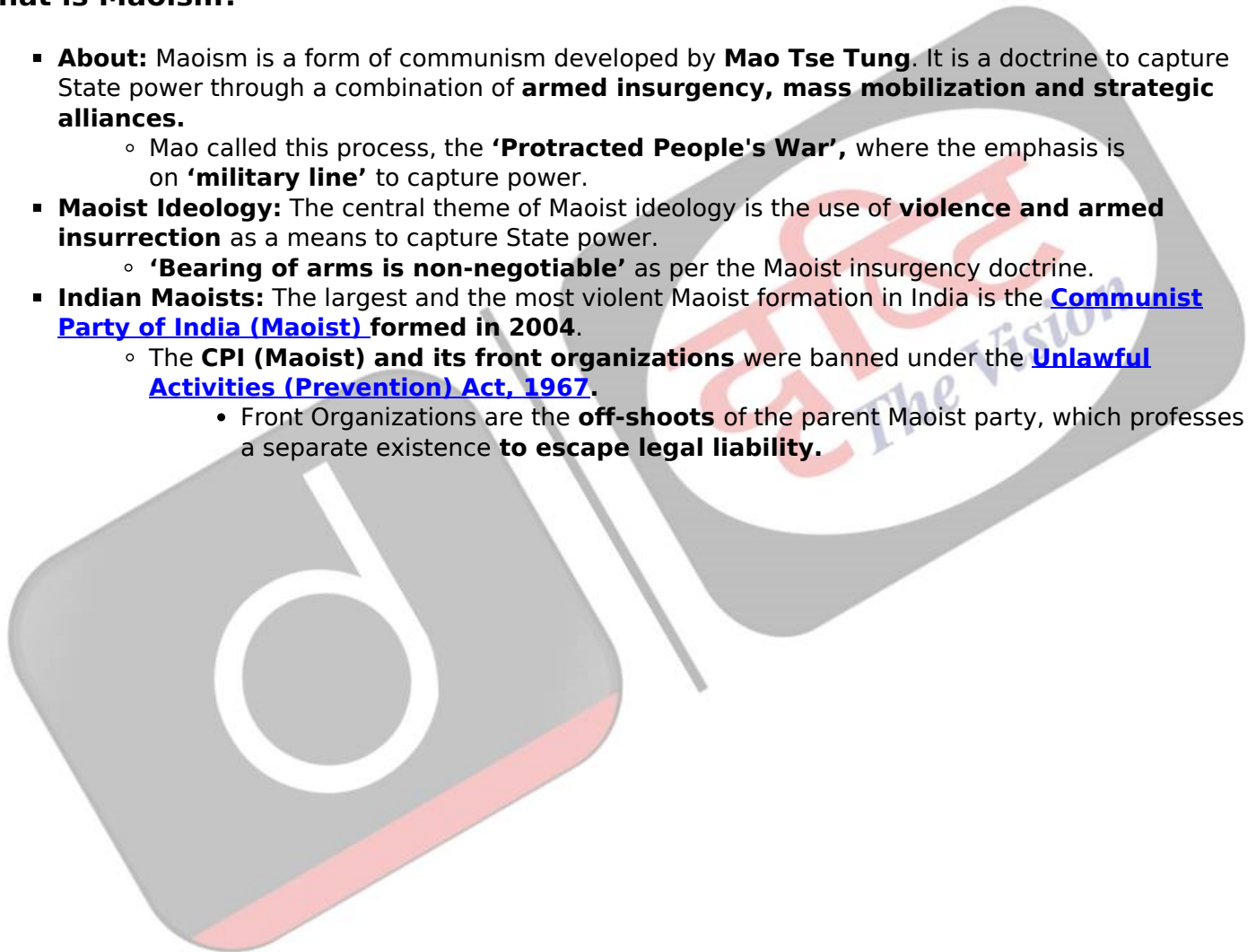
- **Better Governance:** Enhancing administrative efficiency in these regions through recruitment of local personnel.
- **Empowerment (Winning Hearts and Minds Approach):**
 - **Public Engagement:** Fostering **trust and communication** between the government and tribal communities, reducing alienation.
 - **Rehabilitation Policies:** Surrender and rehabilitation schemes for Maoist cadres, offering incentives like **education, vocational training, and financial aid.**
 - **Addressing Grievances:** Ensuring **fair land acquisition** policies, implementation of [Forest Rights Act, 2006](#), and protection of tribal rights to reduce the socio-economic gap.

Note: SAMADHAN stands for S - Smart Leadership, A - Aggressive Strategy, M - Motivation and Training, A - Actionable Intelligence, D - Dashboard Based KPIs (Key Performance Indicators), and KRAs (Key Result Areas), H- Harnessing Technology, A - Action plan for each theatre and N- No access to Financing.

What is Maoism?

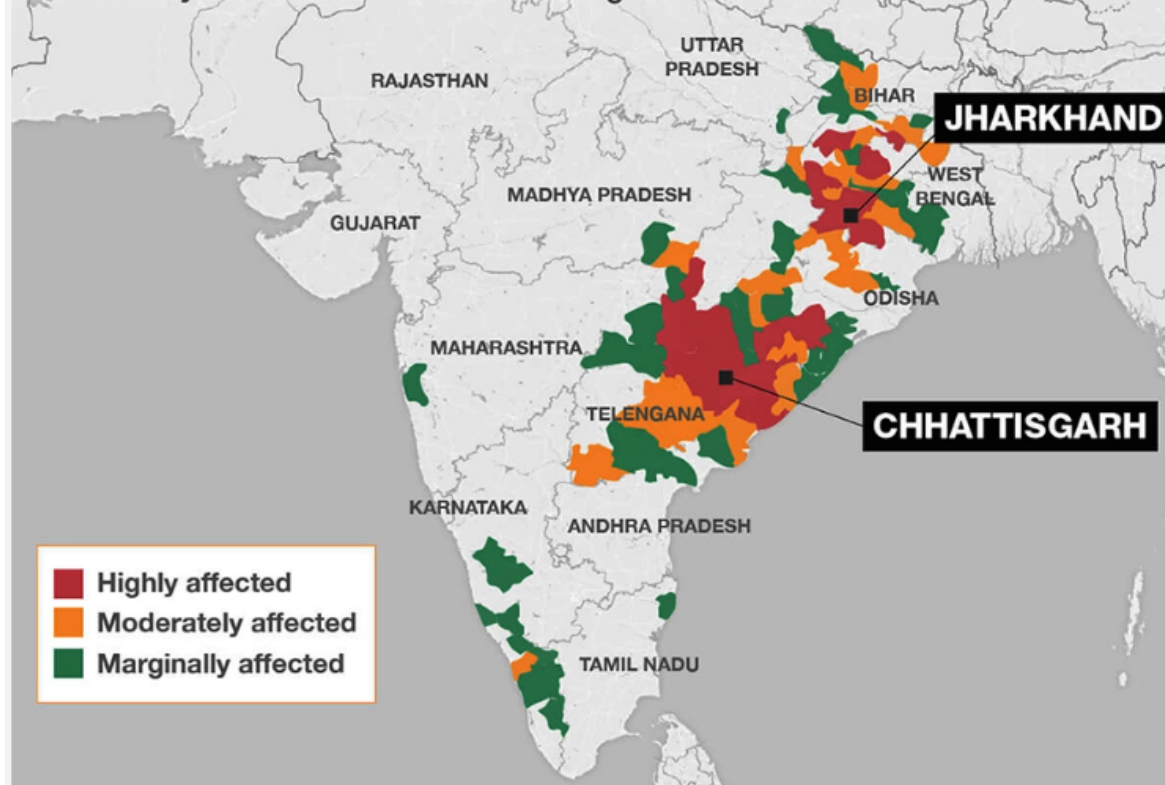
- **About:** Maoism is a form of communism developed by **Mao Tse Tung**. It is a doctrine to capture State power through a combination of **armed insurgency, mass mobilization and strategic alliances.**
 - Mao called this process, the **'Protracted People's War'**, where the emphasis is on **'military line'** to capture power.
- **Maoist Ideology:** The central theme of Maoist ideology is the use of **violence and armed insurrection** as a means to capture State power.
 - **'Bearing of arms is non-negotiable'** as per the Maoist insurgency doctrine.
- **Indian Maoists:** The largest and the most violent Maoist formation in India is the [Communist Party of India \(Maoist\)](#) formed in 2004.
 - The **CPI (Maoist) and its front organizations** were banned under the [Unlawful Activities \(Prevention\) Act, 1967](#).
 - Front Organizations are the **off-shoots** of the parent Maoist party, which professes a separate existence **to escape legal liability.**

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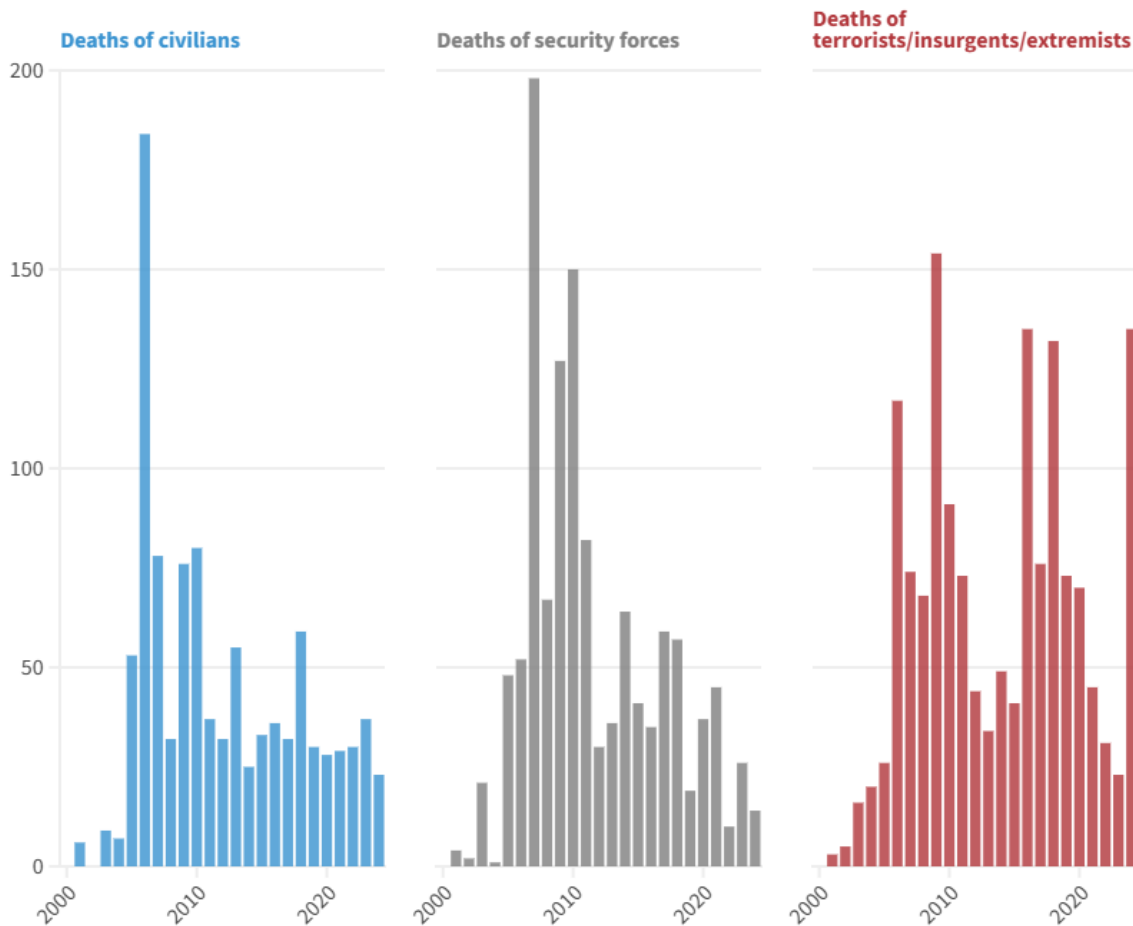
A map of India's Maoist conflict

A crackdown on Maoist rebels has led to a rise in the number of casualties in the country's tribal areas. Here are the regions that are most affected.



What are the Recent Achievements in Eliminating Maoist Insurgency?

- **'Maoist-Free' Villages:** In 2023, **287** Naxalites were **neutralized**, approximately **1,000** were **arrested**, and **837** **surrendered** in Chhattisgarh.
 - **Villages in Dantewada** have been progressively declared **'Maoist-free'**, with over **15** **villages achieving this status by 2021**.
 - Never before has such a vast area been freed from Naxal influence in a year, with record numbers of Naxalites neutralized, arrested, or surrendered.



- **Low Security Forces' Casualties:** In 2024, **14 security personnel deaths** were reported, a dramatic decline compared to **198 deaths in 2007** (the highest recorded).
- **Winning Hearts and Minds:** The Maoists' setbacks are due to **waning support** from tribal communities, who, after years of harm, now **show fatigue and alienation**.
- **Enhanced Security Measures:** Deployment of **12 helicopters**, up from just 2 earlier, for troop support and operational efficiency has **drastically reduced** the number of **casualties** among government troops.
- **Infrastructure and Logistics:** Between 2014 and 2024, **544 fortified police stations** were built, compared to only **66 between 2004 and 2014**.
 - Filling of **45 police stations** to eliminate security vacuums.
- **Special Central Assistance:** A total of **Rs 14,367 crore** has been approved so far, out of which **Rs 12,000 crore** has been spent on improving basic infrastructure in affected regions.

What are the Challenges in Eliminating Maoist Insurgency?

- **Exploitation and Oppression:** Maoists' core base **tribals and dalits** faced historic **marginalization**, with Adivasis further alienated by the **feudal system, caste hierarchy**, and laws like the **Forest Conservation Act, 1980**.
- **Lack of Development:** Interior areas lack **basic infrastructure**, with development stalled by governance and implementation failures despite significant allocations.
- **Centralized Maoist Command:** The CPI (Maoists) have **centralized command**, while the government's **fragmented response** allows areas like **Abhujmadh** to serve as logistical bases.
- **Access to Rich Resources:** **80% of coal reserves** and nearly **19% of other rich mineral resources** are located in naxal affected tribal areas which has given them an **additional weapon and impetus** to extract maximum benefits.
- **Trust Deficit:** Local alienation is worsened by **ineffective governance**, non-implementation of constitutional provisions (e.g., **Fifth and Ninth Schedules**), and displacement without proper rehabilitation.

Way Forward

- **Governance Reforms:** Constitute [Tribal Advisory Councils](#) as mandated by the **Fifth Schedule** to empower tribals in managing their resources.
 - Enforce [Land Ceiling Acts](#) under the **Ninth Schedule** to redistribute land to the landless.
- **Economic Development:** Focus on **aggressive and inclusive developmental initiatives** to address basic human needs.
 - Provide alternative livelihoods to **replace** dependency on illegal activities like **opium cultivation**.
- **Security Measures:** Deploy **specialised unit of paramilitary forces** to secure tribal areas while empowering local governance structures.
- **Resource Management:** Ensure **sustainable and equitable** exploitation of **natural resources** with tribals as stakeholders in the process.

[Drishti Mains Question:](#)

Q. Analyze the three-pronged strategy used by the government of India to eliminate Maoist insurgency.

UPSC Civil Services Examination, Previous Year Question (PYQ)

[Mains](#)

Q. What are the determinants of left-wing extremism in the Eastern part of India? What Strategy should the Government of India, civil administration and security forces adopt to counter the threat in the affected areas? (2020)

Q. The persisting drives of the government for development of large industries in backward areas have resulted in isolating the tribal population and the farmers who face multiple displacements. With Malkangiri and Naxalbari foci, discuss the corrective strategies needed to win the Left Wing Extremism (LWE) doctrine that affected citizens back into the mainstream of social and economic growth. (2015)

Applying POSH Act in Political Parties

For Prelims: [Supreme Court](#), [Public Interest Litigation](#), [Sexual Harassment of Women at Workplace \(Prevention, Prohibition and Redressal\) Act, 2013](#), [Vishakha guidelines](#)

For Mains: Application of POSH Act in Political Parties, Need, Implications and Challenges in applying POSH in political parties, Initiatives Related to Women's Safety in India.

Why in News?

Recently, a [Public Interest Litigation \(PIL\)](#) has been heard by the Supreme Court regarding applicability of ***Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (POSH Act)*** in political parties.

- This issue has remained an area of ambiguity, especially considering the peculiar structure of political organisations in India.

Why is there a Need to Bring Political Parties under the POSH Act?

- **Harassment of Women Parliamentarians:** A 2016 **Inter-Parliamentary Union (IPU)** survey found that **82% of women parliamentarians** globally face psychological violence, including sexist remarks and threats.
 - In regions like **Africa, 40% of parliamentarians** experiencing sexual harassment.
- **Ensuring Safe Work Environment:** Despite growing participation, women hold only **14.4% of Lok Sabha seats and less than 10% in state legislatures**, reflecting systemic barriers.
 - Ensuring safety in political parties can encourage greater representation and leadership roles for women.
- **Legal and Constitutional Mandate:** **Articles 14 and 15** of the Constitution guarantee **equality and non-discrimination** and POSH Act's broad definition of "workplace" and "employee" can cover party workers, volunteers, and field operatives, ensuring their rights are protected.
- **Lack of Internal Mechanisms:** Political parties **often lack proper grievance redressal systems**.
 - Internal committees are not mandated to include external members or meet impartiality standards as required under the POSH Act, leading to underreporting of harassment cases.
- **Electoral and Institutional Reforms:** Including political parties under the POSH Act aligns with the Election Commission's emphasis on **transparency and accountability** in party operations, **ensuring internal democracy and gender justice** in influential institutions.
- **Global Best Practices:** Countries like Sweden and Norway have **institutionalized gender-sensitive practices in political organizations**, serving as models for India.
 - The **UK Parliament's Independent Complaints and Grievance Policy (ICGP)**, established in 2017, aims to **tackle bullying and sexual harassment** in UK Parliament.

What is the POSH Act?

- **About:**
 - It was enacted by the Government of India to **address the issue of sexual harassment in workplaces** and ensure a **safe and conducive environment for women**.
- **Background:**
 - The genesis of the PoSH Act lies in the **landmark 1997 Supreme Court judgment** in **Vishakha and Others v. State of Rajasthan**, which formulated the **Vishakha Guidelines** to safeguard women from sexual harassment.
 - These guidelines, based on constitutional principles (such as **Article 15**, which prohibits discrimination on grounds of sex) and **international conventions** (like the **Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW)**, which India ratified in 1993, served as the foundation for the Act.
- **Sexual Harassment:**
 - The Act **defines sexual harassment** in broad terms, including unwelcome physical contact, sexual advances, requests for sexual favors, sexually colored remarks, showing pornography, and any other unwelcome conduct of a sexual nature, whether physical, verbal, or non-verbal.
- **Definition of Workplace:**
 - **Section 3(1)** of the POSH Act states that **"No woman shall be subjected to sexual harassment at any workplace."** The definition of "workplace" is broad and includes:
 - Public sector organizations established or financed by the government.
 - Private sector organizations.
 - Locations visited by employees during the course of employment.
- **Key Provisions:**
 - **Prevention and Prohibition:** The Act places a **legal obligation on employers** to prevent and prohibit sexual harassment in the workplace.
 - **Internal Complaints Committee (ICC):** Employers are required to **constitute an ICC at each workplace with 10 or more employees** to receive and address complaints of sexual harassment.
 - The **Complaints Committees** have the powers of **civil courts** for gathering evidence.
 - An appeal from the ICC can be filed in the **industrial tribunal** or the **labor**

court.

- In organizations with less than 10 employees or specific circumstances lacking an Internal Committee (IC), a **Local Committee (LC)** is constituted by the District Officer to receive and address complaints.
- **Duties of Employers:** Employers must undertake **awareness programs**, provide a safe working environment, and display information about the POSH Act at the workplace.
- **Complaint Mechanism:** The Act lays down a procedure for filing complaints, conducting inquiries, and providing a fair opportunity to the parties involved.
- **Penalties:** Non-compliance with the Act's provisions can result in **penalties, including fines and cancellation of business licenses.**

Recommendations of the Justice Verma Committee on Sexual Harassment at Workplace:

The Justice Verma Committee, which was constituted in response to the **2012 Delhi gang rape case to review laws** relating to sexual violence against women. It made several key recommendations regarding sexual harassment at the workplace such as:

- **Inclusion of Domestic Workers:** The Committee recommended that **domestic workers** should be covered under the PoSH Act to ensure their protection from sexual harassment.
- **Employer Compensation:** The Committee recommended that the **employer should be liable to pay compensation to women** who have suffered sexual harassment at the workplace, alongside other legal remedies.
- **Employment Tribunal:** Instead of relying solely on an Internal Complaints Committee (ICC), the Committee proposed setting up an **Employment Tribunal** to address complaints of sexual harassment, ensuring more impartial and comprehensive adjudication.

What are the Challenges in Application of POSH Act in Political Parties?

- **Lack of Traditional Structure:**
 - Political parties often employ **temporary workers** who **may not have a defined workplace** or a direct relationship with high-ranking officials.
 - This makes it **challenging to identify the workplace** responsible for establishing ICCs.
- **Absence of Explicit Guidelines:**
 - Political parties typically manage internal discipline (**including sexual harassment cases**) through their own committees as there is **absence of explicit guidelines** for application of POSH related to parties.
- **Role of the Election Commission of India (ECI):**
 - **ECI** has explicit mandate in **case of RPA Act under Article 324** of the Constitution but it lacks in other laws like POSH.
 - ECI has enhanced transparency through measures like mandatory candidate disclosures and political funding accountability.
 - However, its role in enforcing workplace safety laws, such as the POSH Act, remains unclear.
- **Legal Precedents:**
 - The Kerala High Court, in the case of **Centre for Constitutional Rights Research and Advocacy v. State of Kerala (2022)** ruled that **political parties do not have an employer-employee relationship** with their members and thus are **not obligated to establish ICCs.**
 - This ruling underscores the complexity of applying workplace laws to the political sphere.

Similar Issues Related to Political Parties

- **Bringing Political Parties under RTI Act:** Despite being **declared public authorities** by

- the **CIC** in 2013, most political parties have **resisted coming under the ambit** of the **RTI Act**.
- This lack of transparency in their functioning and **financial dealings undermines public trust** and democratic accountability.
- **No Mandatory Income Tax Compliance:** Under **Section 13A of the Income Tax Act, 1961**, political parties are **exempt from taxes** if they maintain proper accounts and submit audited reports.
- However, **there are allegations of misuse**, with many parties not fully disclosing their financial details. **Reforms to mandate greater accountability and taxation compliance** could help curb financial opacity.

Way Forward

- **Legislative Amendments:** Amend the POSH Act to explicitly include political parties, addressing ambiguities regarding “workplace” and “employer” in the context of party structures.
 - **Explicit guidelines from the ECI or the Supreme Court** are essential to ensure political parties comply with workplace safety laws like the POSH Act.
 - If smaller institutions with 10 or more members are mandated to constitute Internal Committees, there is **no justification for exempting political parties**.
- **Institution of ICCs:** Mandate the establishment of **Internal Complaints Committees (ICCs)** within political parties to ensure adherence to the POSH Act and provide a robust grievance redressal mechanism.
- **Capacity Building and Awareness:** Conduct regular sensitisation and training programs within political parties to educate members on issues related to sexual harassment and the functioning of ICCs.
- **Dedicated Tribunal for Women:** As recommended by the **Verma Committee**, a dedicated tribunal for **addressing complaints of harassment within political parties** can be established as an **independent and specialized mechanism**.
 - This would foster accountability, ensure timely redressal, and create a safer, more **inclusive political environment** for women politicians.
- **Strengthening ECI Oversight:** Empower the Election Commission of India (ECI) to monitor and enforce compliance with workplace safety norms, ensuring accountability and transparency within political parties.

Conclusion

The Supreme Court's deliberations on the applicability of the POSH Act to political parties underscore the pressing need for robust legal frameworks to ensure workplace safety. Given their pivotal role in shaping governance and societal norms, political parties must prioritize safeguarding women against harassment. The verdict in this matter holds the potential to set a transformative precedent, impacting not only the functioning of political parties but also workplace safety standards across diverse sectors in India.

Drishti Mains Question:

Analyze the role of the POSH Act in ensuring workplace safety for women. Should political parties be brought under its ambit? Justify your answer with arguments and examples.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Mains

Q. We are witnessing increasing instances of sexual violence against women in the country. Despite existing legal provisions against it, the number of such incidences is on the rise. Suggest some innovative measures to tackle this menace. (2014)

Switzerland Suspends MFN Status to India

For Prelims: [Most Favoured Nation Clause](#), [Double Tax Avoidance Agreement](#), [Withholding Tax](#), [Organisation for Economic Cooperation and Development](#), [Income Tax Act, 1961](#), [Trade and Economic Partnership Agreement](#), [European Free Trade Association](#), [International Monetary Fund](#), [Tax Evasion](#), [World Trade Organization](#), [Free Trade Agreements](#).

For Mains: Significance of Most Favoured Nation Clause and Double Taxation Avoidance Agreements in international taxation.

Source: [BS](#)

Why in News?

Switzerland has decided to **rescind its unilateral application of the [most-favoured-nation \(MFN\) clause](#)** in its [Double Tax Avoidance Agreement \(DTAA\)](#) with India.

- Switzerland will revert to the earlier [withholding tax](#) rate of **10%** on Indian entities starting **1st January 2025**.

What are Key Facts Regarding MFN Clause in DTAA?

- **DTAA between India and Switzerland: DTC IN-CH (India-Switzerland Direct Tax Convention)** was signed on **2nd November 1994**, to avoid double taxation on income between India and Switzerland. It was revised in **2000** and **2010**.
 - **Article 11** of the **2010 protocol** contains the **MFN clause**, which forms the basis for **withdrawal of the MFN status by Switzerland under DTAA**.

FACT SHEET

Nov 2, 1994:

Switzerland and India sign the original Double Taxation Convention (DTC IN-CH)

Feb 16, 2000:

First amending protocol to the DTC IN-CH

Aug 30, 2010:

Second amending protocol to the DTC IN-CH

May 13, 2011:

India-Colombia Double Taxation Agreement signed; Lower dividend rates included

July 26, 2011:

India-Lithuania Double Taxation Agreement signed; 5% withholding tax included

July 5, 2018:

Lithuania joined OECD

April 28,

2020:

Colombia joined OECD

2021:

Delhi High Court upholds application of residual tax rates considering MFN clause

October 19,

2023:

Supreme Court of India reverses Delhi High Court's ruling

- **MFN Clause in Protocol:** The MFN clause ensures that **lower tax rates** offered by India to any **third-country [Organisation for Economic Cooperation and Development \(OECD\) member](#)** automatically apply to Switzerland as agreed upon after the 2010 protocol.
 - The MFN clause aimed to maintain **parity** in taxation rates.
- **Reason for Switzerland's MFN Withdrawal:** After the 2010 protocol, India signed DTAA with two OECD members i.e., **Lithuania** (5% tax rate on dividends) and **Colombia** (5% general tax rate on dividends).
 - However, the same **concessional tax rate was not extended to Switzerland**.
 - Following the Indian Supreme Court's ruling in 2023, Switzerland acknowledged the **lack of reciprocity** in its MFN clause interpretation and decided to revert to the earlier **10% withholding tax rate** starting 1st January 2025.
- **India's Response:** India claimed that the MFN clause **does not apply automatically** unless officially **notified** under **Section 90 of the [Income Tax Act, 1961](#)**.
 - It further argued that the clause applies only to countries that were **OECD members at the time of signing** the 2010 protocol.
 - In October 2023, India's Supreme Court ruled that **Lithuania and Colombia** joining the **OECD after 2010** does not trigger the MFN clause, so India need not lower its dividend tax rates to 5%.
 - **Lithuania and Colombia** joined the OECD in **2018 and 2020** respectively.
- **Future Taxation under DTAA:** From 1st January 2025, the withholding tax rate will be 10% as the MFN clause no longer applies. **5% tax rate** valid for the period **2018-2024**.
- **Impact on Investments and Trade:** Switzerland clarified that this decision will not affect the **free trade agreement** between India and Switzerland or Swiss investments in India.
 - **India and EFTA** have signed the **[Trade and Economic Partnership Agreement \(TEPA\)](#)** in 2024 under which India will receive **USD 100 billion as foreign direct investment (FDI) in 15 years**.
 - **[EFTA \(European Free Trade Association\)](#)** consists of Iceland, **Switzerland**, Norway, and Liechtenstein.

India-Switzerland Investment Scenario

- According to the **Ministry of Commerce and Industry** Switzerland's investment flows in India amounted to **USD 9.95 billion between 2000 and 2023** making it the **12th largest investor in India**.
- According to the **International Monetary Fund (IMF)** Swiss investment stocks in India amounted to **USD 35 billion in 2021**.
 - According to the IMF, **Switzerland** is the **8th largest recipient of Indian FDIs** stocks, amounting to **USD 3.7 billion**.
- Over **330 Swiss companies**, including Nestle, ABB, Novartis, Roche, UBS, and Credit Suisse, have invested in India across sectors like **machinery, pharmaceuticals, finance, construction, sustainable technologies, and ICT services**.
- Nearly **140 Indian companies**, including **TCS, Infosys, HCL Tech, and Wipro**, have investments in about 180 entities in Switzerland, mainly in **technology (32%) and life sciences (21%)**.

Switzerland

- **Switzerland**, officially the **Swiss Confederation**, is a small **mountainous country** in **Central Europe**, known for **Alps mountains**, lakes, and valleys.
- It is a landlocked country bordered by **France, Italy, Austria, Germany, and Liechtenstein**.
- It has been well-known for centuries for its **neutrality**.
 - As a result, Switzerland, particularly Geneva, is a **popular headquarters location** for international organizations, such as the International Committee of the Red Cross and the **United Nations**.
 - It is **not** a member of the **European Union and NATO**.
- It is also known for its **secretive banking sector**.



What can be the Impact of Suspension of MFN Status with India?

- **Increased Tax Liabilities:** Indian businesses operating in Switzerland may face **higher tax liabilities** as withholding tax on dividends from Switzerland will rise to **10% from 5%**.
 - **Withholding Tax (retention tax)** is an obligation on the individual (either resident or non-resident) to **withhold or deduct tax** when making payments e.g., in the form of **dividends, interest, and royalties**.

- **Cross-Border Tax Disputes:** The suspension could lead to **disputes** between India and Switzerland regarding the **interpretation of the treaty provisions**.
- **Protectionism in Taxation:** Switzerland's move reflects a **broader trend** of countries, including India, adopting **stricter tax treaty interpretations** to protect domestic revenues.
 - This decision could be seen as part of a global shift where countries are adopting more **protectionist policies** to safeguard their **tax bases**.
- **Evolving International Tax Norms:** The decision may push other countries to follow **uniformity** in tax treaty negotiations, ensuring that all parties align on **essential clauses like MFN**.

What is a Double Tax Avoidance Agreement (DTAA)?

- **About:** DTAA is a **bilateral or multilateral agreement** between two or more countries aimed at **avoiding double taxation** of the same income.
 - It ensures that income is not taxed by both the country of **residence** and the country of **source**.
- **Objectives of DTAA:**
 - **Double Taxation Avoidance:** Prevents paying taxes twice on the same income.
 - **Fiscal Evasion Prevention:** Enables information sharing to **combat tax evasion**.
 - **International Trade Encouragement:** Promotes **cross-border business** with clear tax rules and reduced liabilities.
- **Mechanisms of DTAA:**
 - **Residency and Source-based Taxation:** DTAA defines tax rights for both residence and source countries.
 - **Credit Method:** Tax paid in the source country is credited in the residence country.
 - **Exemption Method:** Income is taxed in one country and may be exempt in the other.
- **India's DTAA:** India has one of the largest networks of DTAA's consisting of over 94 comprehensive DTAA's and eight limited DTAA's.

What is MFN Status?

- **About:** MFN refers to a **trade status** granted by one country to another, ensuring **non-discriminatory trade** between them.
 - It does not mean **preferential treatment**, but guarantees that the recipient country will not face disadvantages compared to other trade partners of the granting country.
- **MFN and WTO:** MFN is a key principle of **World Trade Organization (WTO) rules**.
 - Under WTO rules, if a country grants special status to one trade partner, this status **must be extended to all WTO members**.
- **Non-Discriminatory Trade:** MFN ensures that countries treat each other equally by offering the **same trade conditions** including:
 - **Lowest possible trade tariffs** and trade barriers.
 - **Highest import quotas**
 - Increased market access
 - Improved conditions for the flow of goods
- **Exceptions to MFN:**
 - **Free Trade Agreements (FTAs):** Countries in a **FTA** offer **special concessions** to each other, excluding non-members.
 - **Regional Trade Agreements (RTAs):** Member countries negotiate **better terms** among themselves, often excluding non-members.

Conclusion

- Switzerland's decision to suspend the MFN clause in its DTAA with India marks a **significant shift** in international taxation, highlighting the **evolving global norms** in tax treaties. This change could increase tax liabilities for Indian entities operating in Switzerland and impact cross-border investment flows, while underscoring the need for clear treaty interpretations.

Drishti Mains Question:

Q. Discuss the role of Double Tax Avoidance Agreements (DTAAs) in preventing double taxation and fiscal evasion.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims

Q. With reference to India's decision to levy an equalization tax of 6% on online advertisement services offered by non-resident entities, which of the following statements is/are correct? (2018)

1. It is introduced as a part of the Income Tax Act.
2. Non-resident entities that offer advertisement services in India can claim a tax credit in their
3. home country under the "Double Taxation Avoidance Agreements".

Select the correct answer using the code given below:

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (d)

Q. A great deal of Foreign Direct Investment (FDI) to India comes from Mauritius than from many major and mature economies like the UK and France. Why? (2010)

- (a) India has preference for certain countries as regards receiving FDI
- (b) India has double taxation avoidance agreement with Mauritius
- (c) Most citizens of Mauritius have ethnic identity with India and so they feel secure to invest in India
- (d) Impending dangers of global climatic change prompt Mauritius to make huge investments in India.

Ans: (b)

Mains

Q. Comment on the important changes introduced in respect of the Long-term Capital Gains Tax (LCGT) and Dividend Distribution Tax (DDT) in the Union Budget for 2018-2019. (2018)

Removal of Vice-President

For Prelims: [Vice-President of India](#), Related Constitutional Provisions

For Mains: Election Procedure of Vice-President of India, and Associated Issues.

[Source: TH](#)

Why in News?

Recently, the Opposition parties have decided to submit a **notice (under Article 67(b))** to move a **[motion of no-confidence](#)** against the **[Vice-President](#)**, who also serves as the Chairman of the **[Rajya Sabha](#)**.

- The motion of no-confidence with respect to the Rajya Sabha is an informal term and is not mentioned in the Constitution.

No-Confidence Motion

- A No-Confidence Motion is introduced in the Lok Sabha (**and not in the Rajya Sabha**) to assess the government's support.
 - It requires backing from 50 members to be considered and **if passed, the government must resign.**
- These motions are crucial political events, typically arising when the government is perceived to be losing majority support.

What are the Constitutional Provisions Regarding the Vice-President?

- **Vice President:**
 - **Article 63** of the [Constitution of India](#) states that **there shall be a Vice-President** of India.
 - **Article 64** states that the Vice President also serves as the **ex-officio Chairperson of the [Rajya Sabha](#)** and **cannot hold any other office of profit.**
 - When the Vice President assumes the **role or duties of the President** under **Article 65** of the Constitution of India, they will **not perform the responsibilities of the Chairman of the Rajya Sabha** and will not receive the salary or allowances designated for the Chairman under **Article 97.**
 - **Resignation** from the office requires **submitting a letter to the President** of India, effective upon acceptance.
- **Qualification for the Office: Article 66** specifies the qualifications required for a person to be eligible for the office of Vice President.
 - Must be an Indian citizen.
 - Must be at least 35 years old.
 - Must be eligible for election as a member of the Rajya Sabha.
 - Must not hold any office of profit under the Union or state governments, local authorities, or any other public authorities.
- **Election:**
 - **Vacancy: Article 68** of the Constitution mandates that the election to fill the Vice President's **vacancy** due to term expiration must be completed **before the current term ends.**
 - **Article 324** of the Constitution, grants the [Election Commission of India](#) the authority to oversee, direct, and control the election process for the Vice President.
 - **Participants: Article 66** states that the Vice President is elected by an **Electoral College**, which consists of **elected and nominated members from both Houses of Parliament.**
 - The election follows a **system of proportional representation using a single transferable vote**, and the voting is conducted by secret ballot.
- **Oath:**
 - According to **Article 69**, the Vice President must take an oath or affirmation before the

President, or an appointed representative, before assuming office.

▪ **Term of the Office:**

- **Article 67** of the Constitution of India states that the Vice President serves a **five-year term** from the date they assume office.
- The Vice President holds the second highest constitutional position and will remain in office **beyond this term until their successor takes over.**

▪ **Removal:**

- **Article 67(b)** states that the Vice President may be removed if an **effective majority “all the then members of Rajya Sabha”** passes a resolution for his removal, which must then be **“agreed to”** by the Lok Sabha, with at least **14 days' notice given** before moving the resolution.
 - Upon the expiry of the **14-day period**, Rajya Sabha will take up the resolution for discussion, following the procedure outlined in Article 67(b).
- There are **no precedents** to indicate if the **resolution can be considered** in the next session.
- **Article 92** of the Constitution explicitly bars the Chairman or Deputy Chairman from presiding over proceedings while a resolution for their removal is under consideration.

▪ **Power and Functions:**

- The Chairman of the Rajya Sabha can adjourn the House or suspend its sitting if there is no quorum.
- The **10th Schedule** of the Constitution authorizes the Chairman to decide on the disqualification of a Rajya Sabha member due to defection.
- The Chairman's approval is required to raise a question of breach of privilege in the House.
- **Parliamentary Committees**, whether established by the Chairman or the House, operate **under the Chairman's guidance.**
- The Chairman appoints members to various Standing Committees and **Department-related Parliamentary Committees.** He also chairs the Business Advisory Committee, the Rules Committee, and the General Purposes Committee.
- The **Chairman is responsible for interpreting the Constitution** and rules related to the House, and no one can dispute the Chairman's interpretation.

Note: The original Constitution provided that the **Vice-President would be elected by the two Houses of Parliament assembled at a joint meeting.**

- This cumbersome procedure was done away by the **11th Constitutional Amendment Act of 1961.**

Differences Between the Vice Presidents of India and the US

| India | US |
|---|--|
| <ul style="list-style-type: none"> ▪ Serves a term of five years, eligible for reelection. | <ul style="list-style-type: none"> ▪ Serves a term of four years, eligible for reelection. |
| <ul style="list-style-type: none"> ▪ Acts as the ex-officio Chairman of the Rajya Sabha (Council of States). | <ul style="list-style-type: none"> ▪ Serves as President of the Senate but only votes in case of a tie. |
| <ul style="list-style-type: none"> ▪ Assumes presidency in case of vacancy due to the president's resignation, impeachment or death. ▪ VP serves as an acting President until the new President assumes charge. | <ul style="list-style-type: none"> ▪ Succeeds to the presidency when it falls vacant , and remains President for the unexpired term of his predecessor. |

Vice-President of India

Occupies the second highest office in the country after President



Origin

Modelled on the lines of the American Vice-President

Const. Provisions

Article 63-71

Election

Indirectly elected by an electoral college

This electoral college consists of the elected members of LS and RS + nominated members of RS but not the members of State LAs (unlike electoral college for Presidential election)



The power of conducting elections to the office of VP rests with the ECI (Article 324)

Qualification

Citizen of India - at least 35 years of age

First VP and Current VP

Dr. S. Radhakrishnan
Jagdeep Dhankhar

Term of Office

5 years; eligible for re-election

Removal from Office

- VP may resign
- Removal by a effective majority of RS (all the then members) and LS agreeing to it (simple majority)
 - Resolution for removal is introduced only in RS
- Constitution mentions no ground for removal

Powers

- Ex-officio Chairman of RS - Powers and functions similar to the LS Speaker
- Acts as President (max 6 months) - when a vacancy occurs in his office

This is different from the office of American VP who succeeds to the Presidency when the office falls vacant

When acting as the President, VP does not perform the functions of the Chairman of RS



Drishti IAS



Drishti Mains Question

Discuss the constitutional provisions related to the Vice-President in India and its role in parliamentary democracy.

UPSC Civil Services Exam, Previous Year Questions (PYQ)

Prelims

Q. Consider the following statements: (2013)

1. The Chairman and the Deputy Chairman of the Rajya Sabha are not the members of that House.
2. While the nominated members of the two Houses of the Parliament have no voting right in the presidential election, they have the right to vote in the election of the Vice President.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 2 only
- (c) Both 1 and 2
- (d) Neither 1 nor 2

Ans: (b)

Restructuring of NTA

[Source: TH](#)

Why in News?

A government-appointed panel, led by former ISRO chairman [K. Radhakrishnan](#), has recommended **extensive reforms** in the [National Testing Agency \(NTA\)](#).

What are the Key Recommendations for Restructuring the NTA?

- **Empowered Governance:** Create an empowered governing body with three sub-committees on **audit, ethics, and stakeholder relations**.
 - The **Director-General (DG)** should be at least of **additional secretary rank** and hold a dedicated leadership position.
- **'Digi Exam' System:** It suggests launching a **'Digi Exam'** system to prevent **impersonation**.
 - The process uses **Aadhaar, biometrics, and AI analytics** to authenticate candidates' identities **at various stages** of the exam process.
- **Mobile Test Centers (MTCs):** Equip buses with **workstations, internet connectivity, and power supply** to reach remote locations like the **Northeast, Himalayan states, and islands**.

- **Hybrid Testing Methods: Encrypted question papers** are transmitted to the centralised servers of testing centers, printed securely, using **high-speed printers** for ensuring confidentiality.
- **Printing of Question Papers:** The printing press should undergo **pre-approval verification** and continuous monitoring throughout printing, packaging, and transportation.
 - Question papers and OMR sheets should be **uniquely coded and audited**.
- **Testing Innovations:** The panel recommended **three policy innovations**.
 - **Multi-Session Testing:** For large-scale exams, particularly when participant numbers **exceed two lakh**.
 - **Multi-Stage Testing:** Test to be conducted in **phases**, with **each stage** focusing on a **specific aspect** of the candidate's knowledge or skills.
 - **Cluster Approach:** Streamlining the wide range of subject streams for **CUET** admission into more **focused clusters of related subjects**.
- **Test Centre Allocation:** The panel proposed allocating testing centers **near candidates' residences** and establishing secure centers in each district.
 - The National Testing Agency should aim to **set up 1,000 secure centers**, prioritizing government institutions.
- **Permanent Staffing:** It recommended NTA to **hire permanent staff**.
- **Collaboration:** The NTA should collaborate with **Test Indenting Agencies**, including the [University Grants Commission \(UGC\)](#) and [Council of Scientific and Industrial Research \(CSIR\)](#), throughout the testing process.

What is the National Testing Agency?

- **About:** NTA was established in **2017** as a **Society** registered under the [Indian Societies Registration Act, of 1860](#).
- **Objective:** It is a **premier, specialist, autonomous and self-sustained** testing organization to conduct entrance examinations for admission/fellowship in **higher educational institutions**. E.g., JEE (Main), CMAT, UGC - NET etc.
- **Governance:** NTA is chaired by an **eminent educationist** appointed by the **Ministry of Education**.
 - The Director General is assisted by **9 verticals headed by academicians/ experts**.
 - The **CEO** is the Director General appointed by the Government.

Romania and Bulgaria Join Schengen Zone

[Source: TH](#)

Why in News?

Bulgaria and Romania will join the [European Union's Schengen zone](#) on 1st January 2025. Both nations, which have been EU members since 2007, will finally be able to join the borderless area, allowing for seamless travel and movement across Europe.

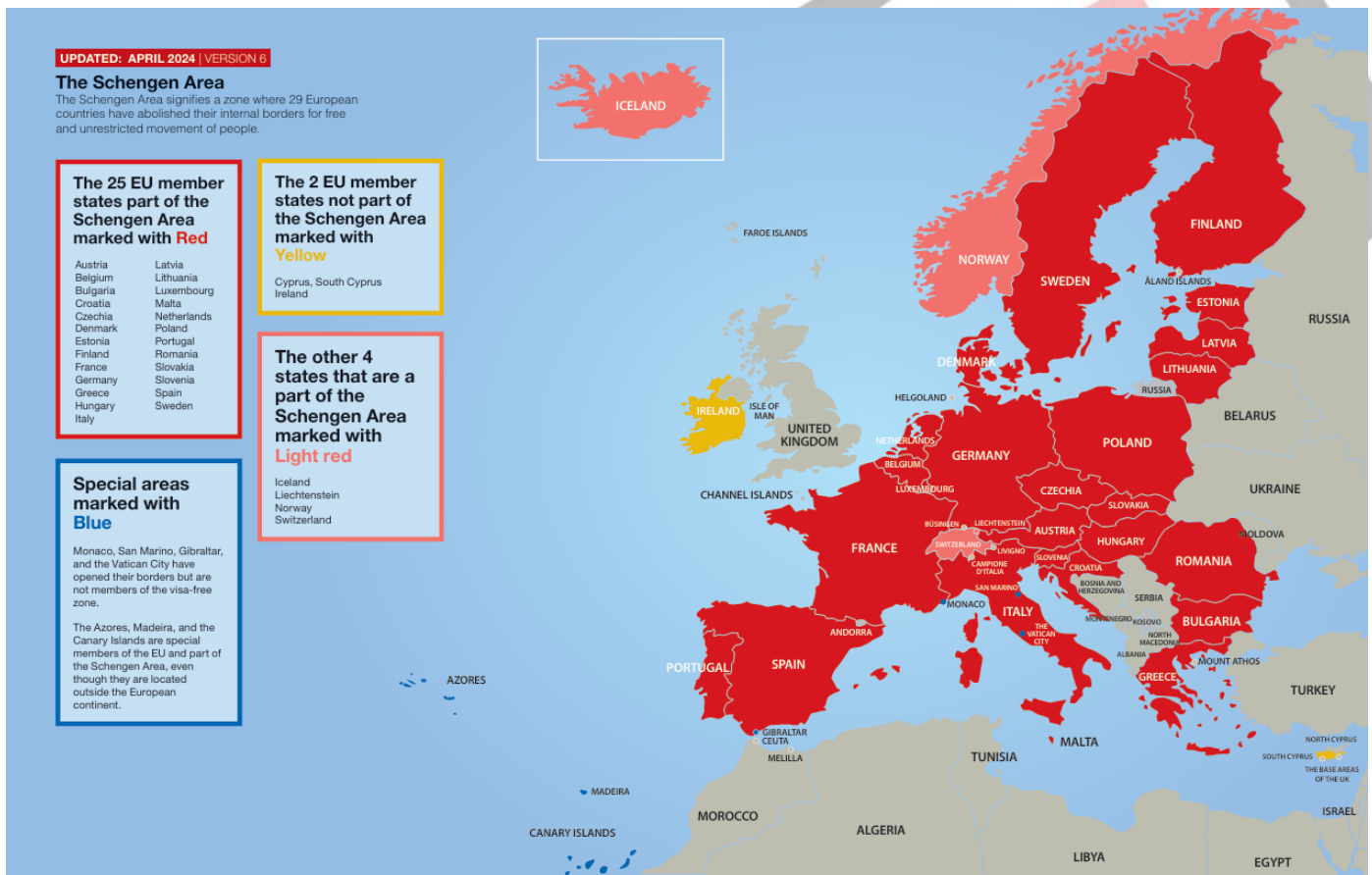
What is the European Union's Schengen Zone?

- **About:** The Schengen Zone is named after a small village in Luxembourg, where the **Schengen Agreement (1985)** and **Schengen Convention (1990)** were signed.
 - These agreements **abolished internal border checks** between participating countries, allowing for **free movement of people across most EU states and some non-EU countries**.
 - The Schengen Area is the **world's biggest area without internal border controls**, and

now covers **29 countries** (25 of the 27 EU member states (excluding Cyprus and Ireland), as well as **four non-EU countries (Iceland, Liechtenstein, Norway, and Switzerland)**).

▪ **Key Features of the Schengen Zone:**

- **Free Movement:** The Schengen Area guarantees free movement for over **425 million EU citizens and non-EU nationals** legally residing in or visiting the EU.
 - By abolishing internal border checks, it allows seamless travel, living, and working across participating countries.
 - A uniform visa policy allows short-term stays of **up to 90 days** for tourists, business travelers, and other visitors.
- **Cross-Border Cooperation:** The Schengen Area includes provisions for **police cooperation, judicial collaboration, and the Schengen Information System (SIS)** to ensure security.
 - SIS is the most widely used and largest information sharing system for security and border management in Europe.
- **Temporary Border Controls:** In exceptional circumstances, countries can temporarily reintroduce border controls for security reasons, but they must inform other member states and the European Commission.
- **Schengen Evaluation:** Countries wishing to join the Schengen Area must meet specific criteria, including **effective border control, visa issuance, and law enforcement cooperation**.



Key Facts About Bulgaria and Romania

▪ **Bulgaria:**

- **Capital:** Sofia.
- **Geography:** Bulgaria is located in the **Balkans** in Southeastern Europe. It borders the **Black Sea** and lies between Romania and Turkey.
 - Bulgaria is bounded by Romania to the north, Turkey and Greece to the south, North Macedonia to the southwest, and Serbia to the west.
- **Political System:** Parliamentary Republic.

- **Foreign Relations:** Bulgaria is a member of the [United Nations \(UN\)](#), [North Atlantic Treaty Organization \(NATO\)](#), the [European Union](#), and the **Schengen Area**.

- **Romania:**

- **Capital:** Bucharest.
- **Geography:** Romania is bounded by Ukraine to the north, Moldova to the northeast, the Black Sea to the southeast, Bulgaria to the south, Serbia to the southwest, and Hungary to the west.
- **Political System:** Semi-Presidential Republic.
- **Foreign Relations:** Romania is a member of the UN, NATO, EU, [Euro-Atlantic Partnership Council](#), and [Organization for Security and Cooperation in Europe \(OSCE\)](#).



Jalvahak Scheme

Source: [PIB](#)

Recently, the **Union Minister for Ports, Shipping & Waterways** launched the 'Jalvahak' scheme to promote [inland waterways](#) and cargo movement.

- **Objective:** It aims to unlock the trade potential of inland waterways, **reduce logistics costs**, and **alleviate congestion in road and rail networks**.

- It incentivises long-haul cargo movement on [National Waterways \(NW\) 1 \(Ganga\), 2 \(Brahmaputra\)](#), and [16 \(Barak\)](#).
- **Incentives:**
 - Provides **reimbursements up to 35%** of operating expenses for cargo movement on **NW 1, 2 and 16** via the [Indo-Bangladesh Protocol Route](#).
 - It encourages **hiring of vessels owned by private operators**, promoting competition and efficiency.
- **Economic and Environmental Impact:**
 - It aims to shift **800 million tonne-kilometres of cargo by 2027**.
 - The target is to increase cargo movement via waterways from 132.89 million tonnes (2023-24) to **200 million tonnes by 2030**, and **500 million tonnes by 2047**, supporting the [Blue Economy](#) and [Atma Nirbhar Bharat](#) initiatives.
- **Inland Waterways Authority of India (IWAI):**
 - It was established in **1986** to regulate and develop inland waterways.
 - India has **14,500 km** of navigable waterways, including rivers, canals, and backwaters.
 - Under the [National Waterways Act, 2016](#), 111 waterways (5 existing and 106 new) have been declared as [NWs](#).

Read More: [India's Inland Water Transport](#)

Composite License for Insurer

Source: [IE](#)

Recently, the central government proposed introducing composite licenses through an amendment to the **Insurance Act, 1938**, aiming to increase [insurance penetration](#) in India and achieve '[Insurance for All by 2047](#)'.

- **Composite License:** A composite license allows insurers to offer [life and non-life insurance](#) under a **single registration**, consolidating operations into one entity.
 - Currently, insurers need to obtain **separate licenses** for each line of business.
- **Benefits:**
 - A composite license **reduces costs** and **compliance** by allowing insurers to manage multiple lines under one entity, **boosting innovation** and **efficiency**.
 - **Life insurers** can provide **indemnity-based health insurance**, improving underwriting and reducing costs with integrated IT systems.
 - **Agents** can sell both **life and non-life products**, better meeting customers' financial needs.
- **Regulatory Changes:**
 - **Public Sector Undertaking (PSU)** insurers need amendments to the [Life Insurance Corporation \(LIC\) Act of 1956](#) and the [General Insurance Business \(Nationalisation\) Act \(GIBNA\) of 1972](#) to be eligible for composite licenses.

Read more: [GST on Health and Life Insurance in India](#)

Opening of Moldova's Embassy in India

Source: [BS](#)

Recently, the **Republic of Moldova**, an east European country, inaugurated its embassy in **New Delhi**.

- India and Moldova established **diplomatic relations in 1992** following Moldova's independence after the **Soviet Union's collapse** in 1991.
- **Moldova:**
 - Moldova (Previous name: **Bessarabia**) is a **landlocked country** bordering **Ukraine** and **Romania**.
 - It is in the **northeastern** corner of the **Balkan Peninsula**.
 - The **Balkan Peninsula** is located in **southeastern Europe** and the name is derived from the **Balkan mountain range**.
 - Most of Moldova lies between the great meandering **Prut** and **Dniester rivers**.
 - It lies to the east of the great arc of the **Carpathian Mountains**.
 - **Transnistria** is a **tiny breakaway region** of Moldova to the **east of river Dniester**.
 - Transnistria is controlled by **pro-Russian separatists** and permanently hosts **Russian troops** as well as a large arms depot.



Read more: [Transnistria in the Russia-Ukraine War](#)

29th Delhi CII Summit

Source: [PIB](#)

Recently, India's Union Commerce Minister emphasised on the need for **equitable responsibilities** in sustainable development during the **29th CII Partnership Summit** held in Delhi.

Key Highlights of Summit

- **Environmental Equity:** India advocated for **"common but differentiated responsibilities" (CBDR)** and **"polluter pays" principle**, holding developed nations accountable for historical environmental damage.
- **Opposition to Unilateral Measures:** It criticized the **EU's Carbon Border Adjustment Mechanism (CBAM)** and **EU Deforestation Regulation (EUDR)** for harming developing nations' exports.

- **Climate Finance:** India expressed dissatisfaction with the USD 300 billion **climate-finance package at CoP29 at Baku**, emphasizing the need for focus on adaptation and finance for the Global South.
- **Partnerships & Technology:** India emphasized strengthening ties with nations like **Israel, Italy, and Qatar**, advocating **technology exchange in climate resilience** and wastewater management while promoting trade, sustainability, and regional security.

CII Partnership Summit 2024:

- **Organizer:** Confederation of Indian Industry (CII) in collaboration with **DPIIT**, Ministry of Commerce and Industry.
- **Theme (2024):** “Partnerships for Progress”.
- **Participation:** Delegates from **61 countries**, focusing on **sustainability, trade, green technologies**, and **regional security**.

CLIMATE FINANCE

Climate finance refers to local, national or transnational financing—drawn from public/ private/alternative sources of financing—to support mitigation and adaptation actions against climate change.

PRINCIPLES OF CLIMATE FINANCE

- ⊖ Polluter Pays
- ⊖ Common but Differentiated Responsibility and Respective Capability (CBDR-RC)

Multilateral Climate Funds Coordinated by UNFCCC

- ⊖ **Global Environment Facility (GEF):** Operating entity of financial mechanism (1994)
- ⊖ **Kyoto Protocol (2001):**
 - ▶ **Adaptation Fund (AF):** Gives developing countries full ownership of adaptation projects
 - ▶ **Clean Development Mechanism (CDM):** To carry out emission-reduction projects in developing nations
- ⊖ **Green Climate Fund (GCF):** estd. - 2010 (COP 16)
 - ▶ Funds under it - **Least Developed Countries Fund (LDCF)** and **Special Climate Change Fund (SCCF)**
- ⊖ **Long-Term Climate Finance:**
 - ▶ **Cancun Agreements (2010):** Mobilize and provide scaled-up funds in short and long term
 - ▶ **Paris Agreement (2015):** Developed nations agreed to establish new collective goal of at least \$100 billion/year by 2025
- ⊖ **Loss and Damage Fund (2023) (COP27 & COP28):** Financial assistance to nations most vulnerable and impacted by effects of climate change

Climate Investment Funds (CIFs) under World Bank

- ⊖ Clean Technology Fund
- ⊖ Strategic Climate Fund

INDIA'S INITIATIVES REGARDING CLIMATE FINANCE

| Fund | Objective |
|---|---|
| <ul style="list-style-type: none"> ■ National Adaptation Fund for Climate Change (NAFCC) (2015) ■ National Clean Energy Fund (2010-11) ■ National Adaptation Fund (2014) ■ Intended Nationally Determined Contributions (INDCs) (2015) ■ Climate Change Finance Unit (2011) | <ul style="list-style-type: none"> ■ For vulnerable Indian states ■ Advancing clean energy (started with initial carbon tax on industrial coal use) ■ Bridging gap between required and available funds ■ Nationally binding targets adopted under UNFCCC ■ Leads on global climate finance issues |

Challenges to Climate Finance

- ⊖ Gap between national needs and climate finance under NDCs
- ⊖ Least Developed Countries receive much less approved funding in per-capita terms from the multilateral climate funds
- ⊖ Slow rate of approvals
- ⊖ Failure in securing viability-gap funding



Read

More: [Climate Finance](#)

