# DAILY CURRENT AFFAIRS ANALYSIS



## 01 JUNE 2024

# 1 - Obstacles Street Vendors Face:

# GS II

# Government Policies and Interventions

- **Context:**

- Marking the conclusion of forty years of legal progress and campaigning by street vendor groups in India, the Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act, 2014 just celebrated its tenth anniversary.

- **What are the associated aspects of the Street Vendors Act?**

- **The Street Vendors Act:**

- Scope and Goals: By requiring local governments to create approved vending zones, the Act aims to safeguard and control street vending in Indian cities.
- The law seeks to protect vendors' livelihoods and incorporate their operations into official urban planning because they are essential to urban life, contributing to food distribution and cultural identity.
- Governance Structure: Street sellers are represented on Town Vending Committees (TVCs) created by the Act; women make up 33% of these committees.
- These committees are in charge of putting vendors in approved zones and managing complaints via the Grievance Redressal Committee, which is presided over by a judicial magistrate or civil judge.

- The Act lays forth in detail the obligations of suppliers and the government at several levels.
- According to the rule, States and ULBs must identify SVs by a survey at least once every five years.

- **Implementation Difficulties:**

- **Challenges in Administration:**

- Even with the Act's provisions, intimidation and eviction are commonplace for street vendors.
- This is partially because selling is still seen by bureaucrats as an illicit activity.
- Furthermore, rather than representing the vendors directly, TVCs frequently stay under the jurisdiction of the local government, and the representation of women is frequently tokenistic.

- **Problems with Governance Integration:**

- The Act finds it difficult to work within more expansive frameworks for urban governance, as the ones created by the 74th Amendment to the Constitution.
- Urban Local Bodies (ULBs) frequently lack the authority and funding necessary to carry out the Act, particularly when considering comprehensive initiatives like the Smart Cities Mission that favour infrastructure over inclusive urban planning.

- **Issues with Societal Perception:**

- Street vendors are usually left out of the popular conception of a "world-class city," as they are perceived more as annoyances than as vital members of the urban economy.
- Urban planning and policy are impacted by this social stigma, which results in designs and rules that marginalise sellers.

- **Ways to strengthen the Law:**

- **Need for Supportive Implementation:**

- While the Act is progressive, effective implementation is crucial and may require initial top-down guidance from higher government levels, such as the Ministry of Housing and Urban Affairs.
- Over time, a shift towards more decentralised governance is essential to tailor strategies to the diverse local contexts of vendors across the nation.

- **Integration with Urban Schemes:**

- Policies and urban planning guidelines must be revised to better incorporate street vending.
- This involves enhancing the capacities of ULBs to include vendors in city planning and moving from bureaucratic control to more inclusive, deliberative processes at the TVC level.

- **Addressing New Challenges:**

- Emerging issues such as climate change impacts, increased competition from e-commerce, and the proliferation of vendors call for creative use of the Act's provisions.
- This includes leveraging components of national missions like the National Urban Livelihood Mission to innovate and adapt to these changing realities.

- **Evolution of Street Vendor Policy in India:**

- In 1995, India signed the Bellagio International Declaration of Street Vendors
- In 2001, GOI announced declaration Of drafting National Street Vending Policy

- In 2009, the policy was revised and accompanied by a model law which could be adopted by State Government.
- In 2012, the Union Government approved the Street Vendors (Protection of Livelihood and Regulation of Street Vending) Bill
- In 2014, parliament passed Street Vendors Act

- **What are the Challenges Faced by Street Vendors in India?**

- **Legal Limbo and Harassment:**

- Uncertain Legal Status: Despite the Street Vendors Act, enforcement remains uneven. Many vendors operate without licences, making them vulnerable to eviction and harassment by authorities and local intermediaries.
- Bribes and Extortion: Reports by UN-Habitat highlight the issue of vendors being forced to pay bribes to police and local authorities, impacting their already meagre earnings.

- **Precarious Livelihood and Infrastructure Woes:**

- Competition and Fluctuating Income: Saturation in certain areas and competition from established businesses lead to unpredictable income and economic insecurity.
- Unrealistic License Caps: License caps is unrealistic in most cities like in Mumbai which has a ceiling of around 15,000 licences as against an estimated 2.5 lakh vendors.
- Lack of Basic Amenities: Limited access to clean water, sanitation facilities, and waste disposal creates health hazards for vendors and customers alike.
- Vulnerability to Eviction: Urban development projects and road widening initiatives often displace vendors, causing livelihood disruption.
- Occupational Hazards: Street vendors work in environments that are often hazardous to their health.

- **Navigating the Formal System:**

- Difficult Licensing Process: The licensing process under the Street Vendors Act can be complex and bureaucratic, discouraging vendors from formalisation.
- Limited Access to Credit: Informal income makes it difficult for vendors to secure loans for upgrades or business expansion.
- The PM SVANidhi Scheme, while well-intentioned, has not reached a significant portion of its target demographic.
- Issues such as lack of awareness, cumbersome documentation, and bureaucratic hurdles prevent many vendors from availing the benefits of the scheme.
- Gender-Based Discrimination: Women vendors often face gender-based discrimination, which affects their business opportunities and earnings.
- They are also more susceptible to harassment and violence, which can deter them from continuing their trade.

- Impact of Covid-19: The pandemic led to severe economic hardship for street vendors.
- With lockdowns and social distancing norms in place, many lost their sole source of income and were pushed further into poverty.

- **What are the Steps Needed to Deal With the Problem of Street Vendors?**

- The World Bank and UN-Habitat recommend a shift from viewing street vendors as a problem to recognising them as a vital part of the urban economy.
- Formalization and Regulation: The Street Vendors Act is a positive step towards formalisation. Cities like Hanoi (Vietnam) and Ahmedabad (India) have established vendor registration systems, providing identity cards and training on hygiene and safety.
- Designated Zones: Cities like Rio de Janeiro (Brazil) and Kigali (Rwanda) have created designated vending zones, ensuring order and improved pedestrian flow.
- This can be implemented in India by identifying suitable areas in consultation with vendors and resident associations.
- Infrastructure and Support: Providing access to clean water, sanitation facilities, and waste disposal is crucial. Cities like Lima (Peru) offer training on waste management and micro-loans for equipment upgrades.
- Indian cities can replicate these models by collaborating with NGOs and self-help groups.
- Vendor Associations: Empowering vendors through associations like those in Kumasi (Ghana) facilitates dialogue with authorities and fosters collective bargaining.
- India can encourage vendor associations and integrate them into policy discussions.

- **Fostering a Collaborative Approach: Effective street vendor management requires a multi-stakeholder approach:**

- Local Authorities: Cities must play a leading role in creating a conducive environment. This includes issuing vending permits, establishing designated zones, and providing infrastructure support.
- Street Vendors: Vendors must comply with regulations, maintain hygiene standards, and pay designated fees. They should actively participate in vendor associations and engage in constructive dialogue with authorities.
- Resident Associations: Residents' concerns about congestion and waste management need to be addressed. Open communication and co-creation of solutions with vendor associations can bridge this gap.

***Source → The Hindu***

# 2 - 4th Session of Intergovernmental Negotiating Committee:

# GS II

## International Issues

- **Context:**

- Recently, the fourth session of the Intergovernmental Negotiating Committee (INC-4) of the United Nations Environment Agency (UNEA) was held in Ottawa, Canada attracting participation from over 170 member states.

- This session is part of the ongoing negotiations to build a legally binding treaty on plastics pollution by the end of 2024 under UNEA.
- The INC-4 for a global plastics treaty failed to reach an agreement. Negotiators aim to reach a consensus by the end of 2024 at INC-5 which is scheduled for November 2024 in South Korea.
- Intergovernmental Negotiating Committee (INC)
- The INC is a committee established by the United Nations Environment Programme (UNEP) in March 2022 to develop an international legally binding agreement on plastic pollution.
- The INC's mandate is to develop an instrument that addresses the entire life cycle of plastic, including in the marine environment, and could include both voluntary and binding approaches.
- The INC-1 started in November 2022 in Punta del Este, Uruguay. The INC-2 occurred in May-June 2023 in Paris, France. The INC-3 convened in Nairobi in December 2023.

- **Why is a Global Plastics Treaty Needed?**

- **Rapid Expansion of Plastic Production:**

- Since the 1950s, plastic production worldwide has skyrocketed. It increased from just 2 million tonnes in 1950 to more than 450 million tonnes in 2019.
- If left unchecked, the production is slated to double by 2050, and triple by 2060.

- **Plastic Waste and Burden:**

- Although plastic is a cheap and versatile material, with a wide variety of applications, its widespread use has led to a crisis.
- As plastic takes anywhere from 20 to 500 years to decompose, and less than 10% has been recycled till now, nearly 6 billion tonnes now pollute the planet, according to a 2023 study published by The Lancet.
- About 400 million tonnes of plastic waste is generated annually, a figure expected to jump by 62% between 2024 and 2050.

- Much of this plastic waste leaks into the environment, especially into rivers and oceans, where it breaks down into smaller particles (microplastic or nanoplastic).
- These contain more than 16,000 chemicals that can harm ecosystems and living organisms, including humans, the chemicals are known to disturb the body's hormone systems, cause cancer, diabetes, reproductive disorders, etc.

- **Climate Change:**

- Plastic production and disposal are also contributing to climate change. According to a report by the Organisation for Economic Co-operation and Development (OECD), in 2019, plastics generated 1.8 billion tonnes of GHG emissions (3.4% of global emissions).
- Roughly 90% of these emissions come from plastic production, which uses fossil fuels as raw material. If current trends continue, emissions from production could grow 20% by 2050.

- **What Can the Global Plastic Treaty Entail?**

- Global Objectives: The treaty aims to address marine and other types of environmental pollution caused by plastics.
- It focuses on establishing global objectives to combat plastic pollution and assess its impact on ecosystems.
- Guidelines for International Cooperation: The treaty may outline how wealthier nations can support poorer ones in achieving their plastic reduction goals.
- Prohibitions and Targets: It could include bans on specific plastics, products, and chemical additives, along with legally binding targets for recycling and recycled content in consumer goods.
- Chemical Testing Mandates: The treaty might require the testing of certain chemicals present in plastics to ensure safety and environmental protection.
- Consideration for Vulnerable Workers: Details may be included regarding a just transition for waste pickers and workers in developing countries reliant on the plastic industry for livelihoods.
- Progress Assessment: The treaty will include provisions for assessing member states' progress in implementing plastic pollution reduction measures.
- Regular evaluations will ensure accountability and drive continuous improvement in global efforts to combat plastic pollution.

- **What are the Challenges in Advancing the Treaty?**

- **Resistance from Oil and Gas Giants:**

- Some major oil and gas-producing nations, along with fossil fuel and chemical industry groups, aim to narrow the treaty's focus solely on plastic waste and recycling.
- Polarising Negotiations:

- Since the inaugural talks in Uruguay in November 2022, oil-producing countries like Saudi Arabia, Russia, and Iran have strongly opposed plastic production caps, resorting to various delay tactics, such as procedural disputes, to obstruct productive discussions.
- The decision-making process for the treaty remains contentious, with countries yet to agree on whether consensus or majority voting should determine its adoption.

- **High-Ambition Coalition vs. US Stance:**

- The "High Ambition Coalition (HAC) to End Plastic Pollution," comprising approximately 65 nations including African nations and most of the European Union, advocates for ambitious goals such as ending plastic pollution by 2040 and phasing out problematic single-use plastics and harmful chemical additives.
- The US, although expressing a desire to end plastic pollution by 2040, diverges from the coalition's approach by promoting voluntary measures instead of binding commitments.

- **Influence of Industry Interests:**

- Fossil fuel and chemical corporations are actively working to dilute the treaty's effectiveness, as evidenced by the record number of lobbyists.
- These industries, which profit heavily from plastics derived from fossil fuels, oppose production cuts and falsely assert that the plastics crisis is solely a waste management issue, rather than acknowledging the fundamental problem of plastic production itself.



- **What is India's Stance at INC-4?**

- **Preamble and Objective:**

- India advocated for the preamble to reaffirm "the sovereign rights of states to sustainable development".
- The proposed objective is "to safeguard human health and the environment from plastic pollution, including in marine environments, while ensuring sustainable development".
- India emphasised the incorporation of principles such as equity, sustainable development, and common but differentiated responsibilities.
- However, the list does not include fundamental human rights principles, such as the right to a healthy environment and the right to access information.

- **Restrictions on Plastic Production:**

- India opposes any limitations on primary plastic polymers or virgin plastics, arguing that production reductions exceed the scope of UNEA resolution 5/14.
- India highlights that some chemicals used in plastic manufacturing are already subject to prohibition or regulation under different conventions.

- **Chemicals and Polymers of Concern:**

- India advocates for a transparent and inclusive process informed by scientific evidence to make decisions regarding chemicals.
- India disagrees with the inclusion of language about polymers of concern.

- **Midstream Measures:**

- Stresses the role of sustainable and efficient plastic usage, advocating for improved design to enhance product longevity.
- Asserts the need for nationally determined approaches for downstream measures like Extended Producer Responsibility (EPR), excluding international supply chains.

- **Emissions and Releases:**

- India emphasises the need to prioritise the elimination of plastic waste leakage into the environment, excluding considerations of emissions and effluents during manufacturing and/or recycling.

- **Prioritising Waste Management:**

- Advocates for prioritising plastic waste management as the primary area of intervention, excluding considerations of emissions during manufacturing and recycling stages.
- Expresses concerns regarding cross-cutting issues such as trade and financing, insisting on comprehensive financial and technical assistance alongside technology transfer.

- **What are the Initiatives Related to Plastic?**

- **Global:**

- **UNEP Plastics Initiative:**

- It aims to end global plastic pollution by reducing the flow of virgin plastics and promoting the transition to a circular economy.
- It focuses on innovation, reduction, and reuse of plastics. The strategic goals include reducing the size of the problem, designing for circularity, ensuring circularity in practice, and managing plastic waste.
- By 2027, the initiative aims to improve plastics policies in 45 countries, engage 500 private sector actors in circular solutions, and involve 50 financial institutions in supporting the transition.

- **Global Tourism Plastics Initiative:**

- It aims to unite tourism stakeholders to fight plastic pollution. Led by the UN Environment and United Nations World Tourism Organization (UNWTO), the initiative supports organisations in reducing plastic waste and improving plastic use in their operations.
- It is developing commitments for the private sector, destinations, and associations to implement by 2025.

- **Circular Plastic Economy:**

- In 2015, the EU created a Circular Economy Action Plan which later consisted of the European Strategy for Plastics in a Circular Economy.
- This approach helps limit the amount of plastic waste by creating more of a "circular" method of reusing products and straying from single-use plastics.

- **Ban Plastic:**

- Several countries have implemented bans on plastic products.
- In 2002, Bangladesh was the first country to ban thin plastic bags.
- China implemented a ban on plastic bags in 2020 with phased implementation.
- In the US, 12 states have banned single-use plastic bags.
- The European Union implemented the Directive on Single-Use Plastics in July 2021, which bans certain single-use plastics for which alternatives are available, including plates, cutlery, straws, balloon sticks, cotton buds, expanded polystyrene containers, and oxo-degradable plastic products.

***Source → The Hindu***

# 3 - Regenerative Blue Economy:

# GS III

# Environmental Conservation related issues

- **Context:**

- The International Union for Conservation of Nature (IUCN) has released a report outlining a roadmap for a Regenerative Blue Economy (RBE).

- This approach goes beyond mere sustainability, aiming to actively restore and revitalize our oceans.

- **What are the Key Highlights of the Report?**

- Proposes a Hierarchy: The report proposes a hierarchical structure to categorize different interpretations and levels of sustainability within the Blue Economy concept, they are:
- Ocean/Brown Economy: Refers to all economic activities directly or indirectly related to the ocean.
- Synonymous with the traditional "marine economy" or "maritime sectors".
- Includes sectors like shipping, ports, fisheries, offshore oil/gas, etc.
- Follows a business-as-usual approach focused on economic contribution.
- Sustainable Blue Economy: Incorporates principles of environmental sustainability and ecosystem protection. Extends scope beyond just economic activities to include:
- Conservation and restoration of marine/coastal ecosystems.
- Valuation of ecosystem services like carbon sequestration.
- It includes major ocean industries, but with sustainability qualifications.
- Aligns with UN Sustainable Development Goals, especially SDG 14 on oceans about conserving and sustainably using the oceans, seas and marine resources.
- Regenerative Blue Economy: RBE goes beyond simply maintaining ocean health. It aims to actively restore and revitalize marine ecosystems.
- It is an economic model that combines rigorous and effective regeneration and protection of the Ocean and marine and coastal ecosystems with sustainable, low, or no carbon economic activities, and fair prosperity for people and the planet, now and in the future.

- **Founding Principles of RBE:**

- Protection and Restoration: Regenerate and protect marine and coastal ecosystems, resources, and natural capital. Combat climate change and biodiversity loss.

- Inclusive Economic System: Ensure inclusion, fairness, and solidarity within the economic system. Guarantee well-being, resilience, and reduced vulnerability to climate change, supported by sustainable funding.
- Inclusive and Participatory Governance: Establish an inclusive and participatory governance system with transparency. Integrate flexible legal and regulatory mechanisms into international agreements on climate and biodiversity.
- Low or No Carbon Activities: Prioritize low or no carbon activities that positively impact the regeneration of marine and coastal ecosystems and enhance the well-being of local populations.
- Priority Implementation in Island States: Implement RBE as a priority in island states with specific requirements. Consider the needs of coastal populations, particularly Indigenous peoples, and recognise their traditions in the implementation process.

- **Spectrum of Sustainability:**

- The IUCN acknowledges various sustainability levels within the blue economy concept.
- RBE represents the most ambitious and restorative approach, moving beyond "business as usual" and "sustainable use" to actively restore ocean health.

- **Principles of Blue Economy:**

- The report states that various sets of principles proposed by different organizations (World Wildlife Fund, United Nations Global Compact, etc.)
- Common themes include: ecosystem health, sustainability, inclusivity, good governance.

- **Blue Carbon and Nature-based Solutions:**

- The report emphasizes the importance of valuing coastal/marine ecosystem services like carbon sequestration.
- Blue Carbon is highlighted as an emerging market opportunity and component of sustainable economies.
- Blue Carbon aligns with the broader push for Nature-based Solutions for climate change/biodiversity.

- **Key Sectors and Considerations:**

- Fishing and aquaculture must adopt sustainable methods, avoid overfishing and habitat destruction
- Preference for small-scale fisheries, eco-friendly aquaculture like shellfish/algae
- Maritime transport needs transition to low/zero-carbon fuels and technologies
- Establishment of Marine Protected Areas (MPAs) to compensate for extractive activities.

- **Connections to Other Approaches:**

- The report strongly emphasizes the need to combine the Blue Economy principles with those of the circular economy, Bioeconomy , and Social and Solidarity Economy (SSE).
- The bioeconomy is a model for the economy and industry that uses biological resources to produce goods, services, and energy. It's a sustainable and circular model that uses biological resources, processes, and methods across all economic sectors.
- SSE refers to economic activities and relationships that prioritise social and environmental objectives over profit.

- **What is Blue Carbon?**

- Definition: Blue Carbon refers to carbon stored in coastal and marine ecosystems.
- Significance: Coastal ecosystems like mangroves, tidal marshes, and seagrass meadows are crucial carbon sinks, storing more carbon per unit area than terrestrial forests.
- They play a significant role in mitigating climate change and contribute to countries' emissions reduction targets under the Paris Agreement.
- IUCN Involvement: IUCN engages in Blue Carbon initiatives through the Blue Natural Capital Financing Facility (BNCFF) and the Blue Carbon Accelerator Fund (BCAF).
- These initiatives support the development of sound investment-based projects with clear ecosystem service benefits, paving the way for private sector funding.
- Example: The study case of extensive shrimp farming and mangrove protection in Indonesia showcases the potential revenue generated through Blue Carbon initiatives.



- **What are the Initiatives Promoting Regenerative Blue Economy?**

- **Global Initiatives:**

- IUCN Nature 2030: It is a comprehensive plan for conservation efforts aligning with the United Nations 2030 Agenda for Sustainable Development and the post-2020 global biodiversity framework
- Great Blue Wall Initiative: This African-led initiative aims to help countries reach the following targets:
- protect 30% of the ocean by 2030; achieve net gain of critical blue ecosystems such as mangroves, corals, seagrasses by 2030; develop a regenerative blue economy and create millions of jobs by supporting local communities through funding, training and technical assistance.
- Clean Seas Campaign: Led by the UN Environment Programme (UNEP), this campaign tackles plastic pollution in the ocean by encouraging governments and businesses to reduce single-use plastics.
- Moroni Declaration and Cape Town Manifesto: These recent declarations from African nations highlight the importance of a RBE for the continent's development and call for international support.

*Source → The Hindu*

## 4 - Inheritance Tax:

## GS II

## Government Policies and Interventions

- **Context:**

- Recently, a prominent political leader of India's opposition party has expressed interest in the proposed legislation on Inheritance Tax.
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- There has been a lot of discussion about using inheritance tax as a tool for redistribution of wealth to address Income Inequality in India.

- **What is Inheritance Tax?**

- **About:**

- Inheritance tax is a tax paid for inheriting a property or asset from a deceased person.
- It is levied on the value of the inheritance received by the beneficiary, and it is paid by the beneficiary.
- Depending on the country, it can be as high as 55%.
- A person can receive inheritance either under a Will or under the personal law of the deceased.
- In India, the concept of levying tax on inheritance does not exist now.

- **Calculation of Inheritance Tax:**

- The first step is to determine the total value of assets.
- This involves assessing the value of all assets owned by the deceased, including real estate, investments, bank accounts, vehicles, and personal belongings, while also considering any outstanding debts or liabilities.
- Whether or not inheritance tax applies depends on several factors, including the total value of the estate and the laws of the jurisdiction.
- In some places, certain beneficiaries, such as spouses or children, may be exempt from paying inheritance tax or may receive a reduced tax rate.

- **Reason to Abolish it:**

- Procedural Harassment: Taxpayers were being unduly harassed with the existence of two separate taxes on property ie. wealth tax (before death) and estate duty (after death).
- Unmet Objectives: There was no reduction in the unequal distribution of wealth whereas, the tax did not assist states in financing their development schemes significantly either.
- Economically Not Feasible: While the yield from estate duty is only about Rs 20 crore in 1985, whereas its cost of administration and collection was relatively high.
- Tax Evasion: High rates of taxation often result in flight of capital and investment to tax havens or tax jurisdictions with favourable tax rates.

- **Examples of Inheritance Tax Around the World:**

- Most European, American and even African nations levy inheritance tax.
- In Europe, the top nations levying tax on inherited properties are France (60%), Germany (50%), United Kingdom (40%), Spain (33%) and Hungary (18%).
- Other countries with high inheritance taxes are Japan (55%), South Korea (50%), Ecuador (37%), Chile (25%), South Africa (25%) and Taiwan (20%).

- **What Factors Influence the Demand for Implementing Inheritance Tax in India?**



- **Rise in Wealth and Income Inequality in India:**

- According to the World Inequality Report 2022, India ranks among the most unequal countries globally, with the top 10% and top 1% holding 57% and 22% of the national income, respectively.
- Meanwhile, the share of the bottom 50% has decreased to 13%.
- India exhibits staggering wealth inequality, with the top 10% of the population holding 77% of the total national wealth.
- The richest 1% owns 53% of the country’s wealth, leaving the poorer half with a mere 4.1%.

- **Tax Burden on Poor:**

- Approximately 64% of the total goods and services tax (GST) in the country came from the bottom 50% of the population, while only 4% came from the top 10%.

- **Lack of Inclusive Growth:**

- Skewed Distribution of Economic Gains: Economic growth may disproportionately benefit certain sectors or income groups, leading to an uneven distribution of wealth.
- Lack of Social Safety Nets: Inadequate social safety nets and welfare programs may leave vulnerable populations without sufficient support, widening the wealth gap.

- According to NITI Aayog’s National Multidimensional Poverty Index (MPI), India's population living in multidimensional poverty was 14.96% in 2019-21.
- The rural areas of India experienced multidimensional poverty of 19.28%.
- In urban areas, the poverty rate was 5.27%.
- The Gini wealth coefficient in India has gone up from 81.3% in 2013 to 85.4% in 2017 (100% represents maximal inequality). The growth in India has not been inclusive.
- Endowments to Social Sector Institutions: Endowments and funds from inheritance tax are essential for Indian hospitals, universities, and other institutions. For example, Harvard University, receiving funds from estates, is exempt from inheritance tax.
- Need for more Direct Taxes: The government’s fiscal deficit has increased in recent years. Hence, additional sources of direct taxes like inheritance tax need to be explored to contain the fiscal deficit as mandated by the FRBM Act.
- International Practices: Developed countries such as England, France, Germany, the USA and India’s Southeast Asian counterparts like Philippines, Taiwan and Thailand have been charging inheritance tax.
- World Bank Study 2000 (India's poverty Reduction During 1970s-1990s)
- When GDP growth picked up from a mere 3.5% in the initial years, India could achieve a sustained decline in poverty.
- The study found that a staggering 87% of the cumulative decline in poverty was attributed to the rise in the growth of mean consumption, while redistribution contributed to only 13%.

- **What are Advantages and Challenges in Implementation of Inheritance Tax in India?**

- **Advantages:**

- More Efficient Dispersion of Wealth: In India, the richest and wealthy families inherited a large amount of wealth.
- This is not only unhealthy from an economic perspective, but also restricts social mobility.
- Thus, a proper implementation of inheritance taxes can remedy this malaise to a considerable extent.
- Based on Egalitarian Ideals: The redistribution of initial endowments is an important step in that direction to ensure equality as enshrined on the Principle of the Right to Equality in the Constitution of India.
- Additional Source of Revenue for Public Welfare: Inheritance tax provides additional sources of revenue to the government for expansion of social sector programmes, and its push towards public welfare schemes.
- Progressive in Nature: Inheritance tax is a progressive tax as it places a higher tax burden on wealthy individuals only.
- By this additional tax revenue collected in the form of Inheritance Tax, the Government would have the liberty of reducing the basic income tax liability on the economically weaker sections of the country.
- This could help combat the high barrier to entry to starting more entrepreneurial ventures.

- **Challenges:**

- Complexity of the Tax Structure: India already has a complex tax system with multiple taxes at the central and state levels.
- Introducing an additional tax like inheritance tax would add to this complexity, making compliance and enforcement challenging.
- Enforcing and administering an inheritance tax requires a robust administrative infrastructure.
- Resistance from Wealthy Families: Wealthy families in India may resist the imposition of an inheritance tax, as it would reduce the amount of wealth they can pass on to their heirs.
- This resistance could manifest politically and socially, making it difficult for the government to introduce and sustain such a tax.
- Inheritance taxes can have implications for family-owned businesses, particularly in sectors where succession planning is crucial.
- Lack of Comprehensive Data: Implementing an effective inheritance tax requires accurate data on individuals' wealth and assets.
- In India, there may be challenges in collecting comprehensive data on inheritance and wealth distribution, especially in rural areas where informal economies are prevalent.
- Avoidance and Evasion: High net worth individuals may attempt to avoid or evade inheritance tax through various means such as trusts, offshore accounts, or gifting assets during their lifetime.
- Impact on Agricultural Land: In India, agricultural land holds significant cultural and economic value, and it often passes down through generations.
- Imposing an inheritance tax on agricultural land could face resistance from agricultural communities and lead to concerns about the fragmentation of landholdings.

***Source → The Hindu***