

**UPSC Syllabus Topic: GS Paper 3 Internal Security – Money Laundering and its prevention.**

**Unveiling Tax Havens: Exploring the World of Cyprus and Tax Evasion**

**Understanding Tax Havens, Tax Evasion, and Money Laundering**

**Tax Haven:** A tax haven refers to a jurisdiction with extremely low tax rates, often attracting individuals, corporations, trusts, and other entities seeking to minimize their tax liabilities.

**Tax Evasion:** Tax evasion is a criminal activity involving individuals, corporations, trusts, and entities attempting to illegally evade taxes. It entails deliberate misrepresentation or concealment of the true state of financial affairs to tax authorities, aiming to reduce tax liabilities.

**According to the State of Tax Justice Report 2023, countries globally are projected to lose \$4.8 trillion to tax havens over the next decade.**

**Money Laundering:** Money laundering, as defined by the UN Office on Drugs and Crime (UNODC), is the process of disguising the origin of money obtained through criminal activities. These activities may include financial fraud, drug trafficking, and terrorist activities.

**It involves these 3 stages:**



**Benefits provided by Cyprus:**

- 1. Preferential Tax Rates:** Cyprus offers preferential and loosely controlled tax rates.
- 2. Tax Exemptions:** There are exemptions on income and gains related to offshore trusts.
- 3. Zero Estate Duty:** Cyprus imposes no estate duty, which is a levy on the estate of a deceased person.
- 4. No Trust Registration Requirements:** There are no mandatory trust registration requirements.
- 5. Beneficial Owner Secrecy:** Cyprus promises secrecy for the beneficial owners of assets.
- 6. Golden Passport Scheme:** Cyprus provides passports through an investment program, offering a protective shield for discreet investments in the country.

**UPSC Syllabus Topic: GS Paper 3 Indian Economy – Food processing and related industries in India- scope and significance, location, upstream and downstream requirements, supply chain management.**

### **India's Edible Oil Imports: A Concern Beyond Crude Oil**

#### **1. Rising Imports:**

- India's edible oil imports have surged, reaching 16.5 million tonnes in 2023, up from 11.6 million tonnes in 2013-14.

#### **2. Value Fluctuations:**

- Despite the increase in volume, the import value in rupees declined due to a drop in global prices.

#### **3. Domestic Production:**

- In 2022-23, India produced about 10.3 million tonnes of edible oil, with mustard and soybean as leading contributors.

### **Impact of High Import Dependency:**

#### **1. Price Volatility:**

- High import dependency subjects India to global market fluctuations, leading to inconsistent edible oil prices domestically.

#### **2. Future Risks:**

- The current trend suggests a potential increase in imports, potentially exceeding 20 million tonnes in the future, which could further lower India's self-sufficiency and expose it to greater global market risks.

#### **3. Strain on Government Exchequer:**

- High import volumes place a significant financial burden on the government's exchequer, impacting fiscal balance and potentially diverting funds from other critical areas.

#### **4. Policy Implications:**

- The reliance on imports presents considerable challenges for policymakers, influenced by external factors such as the Russia-Ukraine conflict.

### **Government Initiatives to Overcome Dependency:**

#### **1. National Food Security Mission (NFSM-OS&OP):**

- Launched in 2018-19, focuses on increasing production and productivity of nine oilseed crops and expanding Oil Palm & Tree Borne Oilseeds.

#### **2. National Mission on Edible Oils (Oil Palm) – NMEO (OP):**

- Initiated in 2021-22, specifically targets oil palm cultivation, aiming to increase the area under oil palm.

**3. Rashtriya Krishi Vikas Yojana- RAFTAAR (RKVY-RAFTAAR):**

- Supports state-level oilseed programs approved by the State Level Sanctioning Committee.

**4. Other Initiatives:**

- Raising the Minimum Support Price (MSP) for oilseed crops, establishing a buffer stock for oilseeds, and conducting cluster demonstrations of oilseed crops.

**Recommendations:**

**1. Embrace New Technologies:**

- Adopt genetically modified (GM) crops, especially for mustard and soybean, to significantly enhance yields and contribute to increased domestic production.

**2. Support Oilseed Farmers:**

- Offer better support, like MSP, to encourage farmers to grow oilseeds, shifting focus from cereals to oilseeds.

**3. Diversify Oil Sources:**

- Expand cultivation of alternative oil sources like cottonseed, rice bran, and domestically grown palm to increase overall oil production.

**4. Reduce Import Dependency:**

- Formulate policies to gradually reduce dependency on imports by increasing domestic production, insulating the economy from global price fluctuations.

**5. Educate Consumers:**

- Raise awareness about domestic oil brands and encourage the use of locally produced oils to create a market for homegrown oils.