



TATHASTU
Institute Of Civil Services

DAILY CURRENT AFFAIRS

4th March 2025



TATHASTU
Institute Of Civil Services



9560300770



www.tathastuics.com



support@tathastuics.com

HEAD OFFICE: 53/1, UPPER GROUND FLOOR, BADA BAZAR ROAD,
OLD RAJINDER NAGAR, NEW DELHI-110060



4th March 2025

Mains Manthan

- Australia, the partner for India's growth trajectory
(Page No – 6)
- The way to protect orans (Page No –7)
- India launches multi-nation alliance for collaboration on sustainable development
(Page No – 10)

Prelims Saarthi

- Gangetic River Dolphins
- Virtual Digital Assets

Australia, the partner for India's growth trajectory

Why in News?

- India – Australia Bilateral Relations

Syllabus

- GS Paper 2 – International Relations
- GS Paper 3 – Indian Economy

Australia, the partner for India's growth trajectory

Australia believes in India. We believe that India has a bright future economically. We believe that it will be the third biggest economy in the world by 2030. And we believe that India warrants greater political influence as its economy grows – that is why we back India's claim for a seat on the United Nations Security Council.

We also believe that Australia is a natural partner for India's growth because our economies are complementary (we produce the things India needs, and vice versa); because we are strategically aligned; and because we are neighbours just across the Indian Ocean.

The new Roadmap, the next phase of ties
For these reasons, Australian Prime Minister Anthony Albanese last week personally launched the *New Roadmap for Australia's Economic Engagement with India*. The *Roadmap* sets out how Australia can contribute to, and benefit from, India's phenomenal growth. Put simply, the *Roadmap* says that Australia believes in the Indian growth narrative, and the *Roadmap* then goes on to articulate how Australia has the skills, the resources and the commitment to support that narrative.

The *Roadmap* builds on the successful effort from our last economic strategy in 2018. But a lot has changed since then.

Fuelled by our free trade agreement, the Economic Cooperation and Trade Agreement (ECTA), the India-Australia relationship has grown at the high end of our expectations. Take this one telling statistic. India's exports to the world have grown by 35% in the last five years. Not bad, right? But India's exports to Australia have grown by 66% – nearly twice as fast as India's exports to the rest of the world.

That is because India is growing in ways that are complementary to Australia's own economy.

Australia produces the things that India will need for the next chapter of its growth – the



Philip Green
is Australia's High Commissioner to India

Australia has the skills, the resources and the commitment to support India's growth

energy to power the Indian economy; the resources (including the critical minerals) to power India's manufacturing drive; and the training capabilities that India needs to skill up the next generation of Indian professionals and workers.

The *Roadmap* charts the next phase of our partnership, and showcases how Australia can be part of India's economic story. It identifies four sectors – the "Superhighways of growth" – where the Australia-India partnership is most prospective. Those superhighways of growth are: clean energy; education and skills; agribusiness and tourism.

The *Roadmap* also describes another seven 'major economic roads' to mutual prosperity: investment; tech; sports; culture and the arts; resources; defence; space and health. These are the fields in which our complementary capabilities can be most naturally leveraged.

In framing our partnership, we are listening closely to India's ambitions.

A great example is India's ambition for manufacturing electric vehicles. When India's Prime Minister Narendra Modi talks about the number of electric vehicles growing eight-fold in India by 2030, Australia responds that we have the critical minerals and raw earth metals to realise that goal. Australia is the largest lithium producer in the world, and has the world's second largest reserves of nickel and cobalt.

Support for India's skill needs

We are also listening carefully to Indian voices about skills needs. And we hear that India needs to equip two crore Indians every year with the right skills and qualifications to maximise its growth. Australian universities are listening, and are gearing up to provide the high-quality training needed to support Indian ambitions. Australian universities have been the first foreign universities to open campuses here in India – in Gujarat International Finance Tech (GIFT) city,

and shortly in Noida (Uttar Pradesh), and more will follow in the coming years.

Australia also boasts a 'super power' when it comes to economic engagement with India. That super power is the Indian diaspora, already 10 lakh strong and the fastest growing population group in our country. Many of these Indian-Australians are prominent leaders in business, government and the community. And our new Centre for Australia India Relations, with ₹132 crore worth of support from our government, is, appropriately, headed by two eminent Australians of Indian origin. Our Prime Minister stood beside one of them as he launched the *Roadmap*.

The Indian diaspora is a bridge

The Indian diaspora in Australia is an invaluable asset. Indian-Australians deepen our understanding of each other and spark business opportunities. Because our government understands the value of this 'human bridge' (as Mr. Modi calls it), we are investing another ₹22 crore into our hugely successful Maitri grants program. This programme works to maximise the potential of our diaspora links.

The *Roadmap* signals to Australian business that they should look for further opportunities to partner with Indian counterparts, for mutual benefit.

And as they do that, it becomes even more important that we progress our Comprehensive Economic Cooperation Agreement (CECA), building a higher platform for the next stage of our economic partnership.

As the Australian Prime Minister says "Australia's relationship with India is stronger, deeper and more consequential than it has ever been – but there is much more to come. What is truly exciting is the sheer scale of the opportunities in the near future if we get things right in the present... With this *Roadmap*, the way ahead looks a lot clearer."






Key Takeaways from the Article


- **Australia's Vision for India's Growth:**
 - ◆ Australia sees India as a **future economic superpower** and supports India's bid for a **permanent seat on the UN Security Council**.
 - ◆ Believes that India's economy will be the **third-largest in the world by 2030**.

Deal Sealed



"Thank you PM @AlboMP! The entry into force of IndAus ECTA will be greatly welcomed by our business communities, and will further strengthen the India-Australia Comprehensive Strategic Partnership,"

PM NARENDRA MODI



Bilateral trade seen above \$45-50 b in 5 years vs \$31 b now

Additional 10 lakh jobs to get created in India

India's goods exports to rise by \$10 b by FY27

Australia to end duty on 100% of tariff lines

Steel, aluminium, fabric to get cheaper raw materials

BCCL

BREAKING: Our Free Trade Agreement with India has passed through parliament

ANTHONY ALBANESE, PM, Australia

Key Takeaways from the Article

- **Australia-India Economic Roadmap**
 - ◆ Australian PM Anthony Albanese launched New Economic Roadmap to strengthen bilateral economic ties.
 - ◆ India's exports to Australia grew by 66% in the last five years, compared to 35% growth in global exports.
 - ◆ Strengthened by the Economic Cooperation and Trade Agreement (ECTA) between both nations.





Boosting ties

The India-Australia Economic Cooperation and Trade Agreement (ECTA) seeks to encourage trade between the two countries. The agreement will benefit labour-intensive sectors, apart from increasing quotas for Indian chefs and yoga teachers in Australia

TRADE IN GOODS



■ Labour-intensive Indian sectors such as textiles, gems and jewellery, leather, food and farm produce and automobiles to benefit

■ Australian coal, mineral ores and wines to get easier entry



■ Working group to explore market access issues for both sides in whisky and other alcoholic beverages

TRADE IN SERVICES



■ Indian students in Australia to get work visas for two to four years

■ Australian firms in business, communication, construction and engineering services to gain



■ Fast track approval for patented, generic and biosimilar medicines

Key Takeaways from the Article

- **Four Key Sectors Identified:**
 - ◆ **Clean Energy** – Collaboration in renewable energy and critical minerals (Lithium, Cobalt, Nickel) for India's EV sector.
 - ◆ **Education & Skills** – Australian universities opening **campuses in India (GIFT City, Noida)** to address India's skill development needs.
 - ◆ **Agribusiness** – Enhancing agricultural productivity and trade in food products.
 - ◆ **Tourism** – Boosting people-to-people exchanges and cultural ties.

Key Takeaways from the Article

- **Role of Critical Minerals in India's EV Growth:**
 - ◆ India aims for an **8x increase in electric vehicles (EVs) by 2030.**
 - ◆ Australia, the world's **largest lithium producer**, has the resources India needs for this transition.
- **Indian Diaspora in Australia – A Key Strength:**
 - ◆ **10 lakh+ strong Indian diaspora** in Australia.
 - ◆ Australian government investing **₹22 crore in the Maitri Grants Programme** to enhance diaspora engagement





Key Takeaways from the Article

- **Comprehensive Economic Cooperation Agreement (CECA):**
 - ◆ The next step after ECTA, CECA will create a **higher-level trade platform** for deeper integration.
 - ◆ Encourages Australian businesses to explore more opportunities in India.

INDIA-AUSTRALIA CECA

India and Australia have “outlined a path forward for the early conclusion” of the Comprehensive Economic Cooperation Agreement (CECA) between both nations.

The 3-day stocktake visit for the India-Australia Comprehensive Economic Cooperation Agreement (CECA) concluded in New Delhi on 6th December, 2024. The meeting, held from December 4th to 6th, 2024, was a crucial step in strengthening the trade and strategic partnership between the two nations.



Way Forward

- ◆ Establish **long-term supply chains** for **lithium, cobalt, and nickel** to support India's clean energy and EV goals.
- ◆ Facilitate **mutual recognition of qualifications** and **joint research initiatives** in critical fields.
- ◆ Boost strategic cooperation in the **Indo-Pacific region** to ensure regional stability.
- ◆ Encourage Indian companies to **invest in Australian mining & technology sectors** to ensure resource security





UPSC PYQ (2017)

Question: 'Broad-based Trade and Investment Agreement (BTIA)' is sometimes seen in the news in the context of negotiations held between India and:

- (a) European Union
- (b) Gulf Cooperation Council
- (c) Organization for Economic Cooperation and Development
- (d) Shanghai Cooperation Organization

The way to protect orans

Why in News?

- ◆ Recent Supreme Court Judgement

Syllabus

- ◆ GS Paper 3 – Environment & Ecology

The way to protect orans

In December 2024, in *T.N. Godavarman Thirumulpad v. Union of India*, the Supreme Court recognised the socio-ecological and cultural importance of orans (sacred forests) for local communities in Rajasthan, and passed protectionist orders for their conservation. The judgment aims to further the protection of orans and harness local communities' agency for doing so. It seeks to achieve these objectives by formalising the governance and management of orans – that is, by bringing them within the purview of biodiversity-related laws. While this is a well-intended move, formalisation may not produce the desired outcomes.

Orans are sacred groves established by local communities since pre-agrarian times. Every oran is presided by a local deity whose idol is placed inside it. While different socio-religious traditions may be associated with different orans, a shared tradition is the prohibition on cutting trees using an axe. It is believed that anyone who contravenes this may be harmed by the deity.

In addition to their socio-religious and economic importance, by enhancing local fauna, orans also support traditional water sources. By trapping surface runoff, they increase groundwater levels in the area. This augments water availability in sources both above and below the ground. In some villages of Rajasthan, orans are established and governed by informal community institutions as a part of comprehensive watershed management.

Problems with formalisation

The Court's objective of encouraging community-led protection of orans is evident throughout the judgment. It acknowledges and reiterates the crucial role played by formal and informal community institutions in governing orans. However, the pathway laid down to achieve this objective is contentious.



Kanika Jamwal
Doctoral candidate,
Faculty of Law,
National University of
Singapore

In the judgment, the first step towards formalisation is the Court's declaration of orans as 'forests' under the Forest (Conservation) Act, 1980. While this will ensure that orans receive protection under the Act, it will also subject them to the wide exemptions that circumvent such protection. Some exemptions introduced through the Forest (Conservation) Amendment Act, 2023, have been critiqued on the grounds that they dilute the protections accorded by the Act. For example, the Act requires that diversion of forest land for non-forest purposes requires permission from the Central government. However, diversion for inter alia zoos, safaris, and ecotourism has been exempted from this requirement. Bringing orans under the purview of the Act foregrounds them and opens them for such contentious use. Not only would this defeat the purpose of conserving them, but also conflict with the local communities' use of and approach towards orans. In fact, in May 2024, *Down To Earth* had reported that local communities in Rajasthan have expressed their reservations against the declaration of orans as forests; they apprehend that any such formalisation will lead to loss of their access over their orans.

Second, the Court's objective to further community-led governance and management of orans will also be subdued by formalisation. Take, for example, the direction to declare orans as 'community reserves' under the Wildlife (Protection) Act, 1972. The Act provides for the setting up a committee for the management of such reserves, consisting of representation from both the local community and the State. However, as has been noted by legal scholars, the role of this committee is limited to managerial tasks. The committee has been excluded from the decision-making process.

Further, under the Act, the ultimate control of any

'community reserve' is with the State, as will be the case with orans if they are declared as such. This could tether the current role played by informal community institutions in governing and managing orans.

Similarly, the suggestion to declare orans as 'common forest land' under the Forest Rights Act, 2006, may not necessarily empower communities or grant them rights. To claim rights, a community/individual must meet the eligibility criteria under the Act. The Court has directed the State government to identify such communities and grant them rights under the Act. However, in certain villages, orans have been established and are being managed by informal community institutions that may not meet the criteria. So, they may not be able to enjoy the rights guaranteed under the Act.

The better approach

One of the suggestions made by the Court is that the Environment Ministry should formulate a comprehensive policy for the governance and management of orans. This proposal emerges from the lack of a formal governance mechanism for managing orans – as noted by the Court, different States manage them in different ways, through various formal and informal institutions.

While a comprehensive policy is welcome, it should not be aimed at formalising informal community institutions or replacing them with a centralised body. Rather, as suggested in the judgment itself, successful models of informal governance should be identified, empowered, and replicated in similar contexts. Such empowerment and replication must be in consultation with local communities and other civil society actors. In other words, policies should encourage communities to take the lead in governing their orans, with the support of the state and civil society.

The Supreme Court's directions to formalise the status of orans are well-intended, but may not produce the desired outcomes



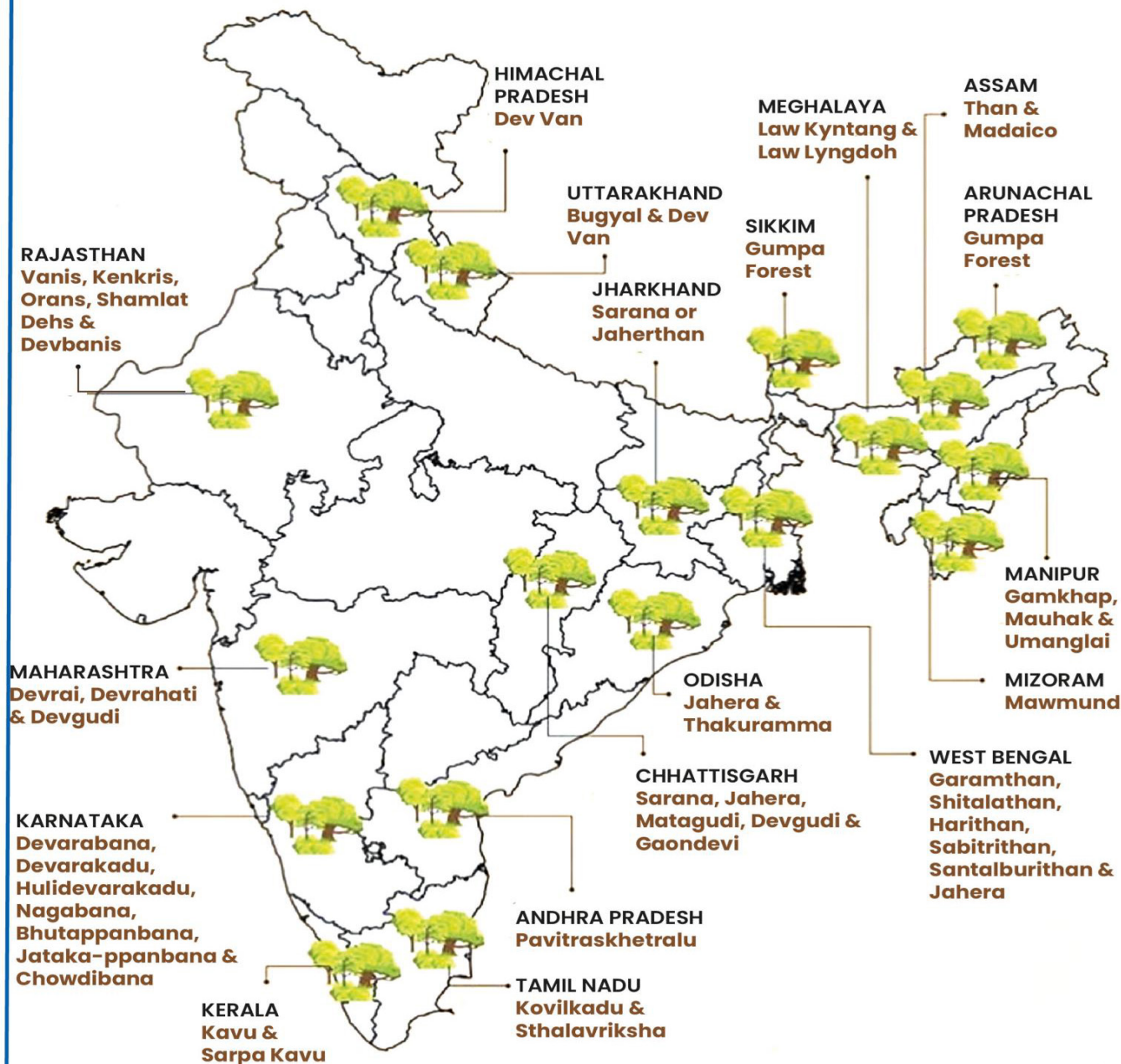


Key Takeaways from the Article

- ♦ The Supreme Court, in **T.N. Godavarman Thirumulpad v. Union of India (December 2024)**, recognized the **socio-ecological and cultural importance** of orans (sacred groves) in Rajasthan.
- ♦ It issued **protectionist orders** to conserve these community-managed sacred forests.

INDIA'S SACRED GEOGRAPHY

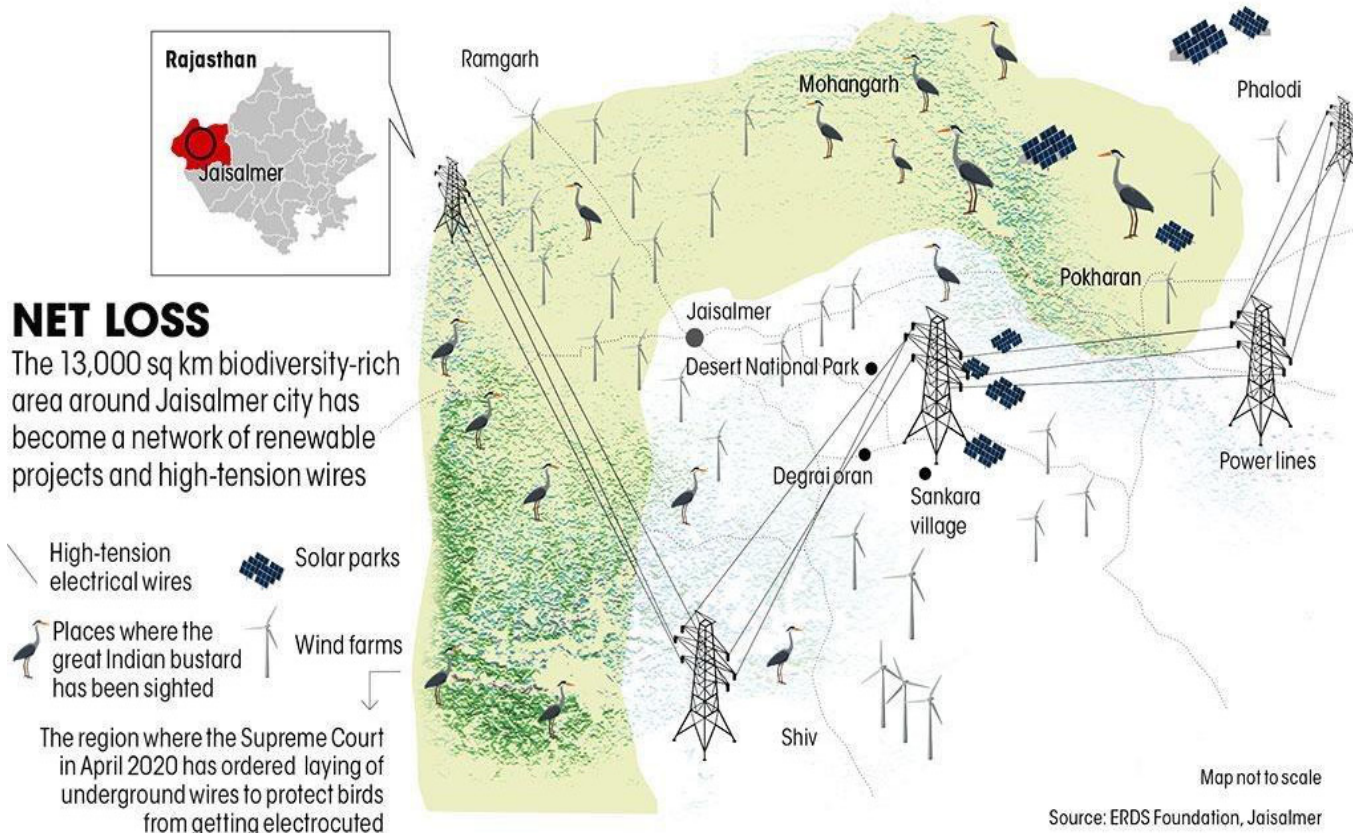
Sacred groves are spread across the country, known by various names



Key Takeaways from the Article

- **Importance of Orans**

- ◆ **Cultural & Religious Significance:** Orans are sacred groves, each associated with a **local deity** where tree-cutting is traditionally prohibited.
- ◆ **Ecological Benefits:** They enhance local fauna, aid in watershed management, and help in **groundwater recharge** by trapping surface runoff.
- ◆ **Community-Led Governance:** Traditionally managed by **informal local institutions** for conservation and **water resource management**.



Key Takeaways from the Article

- **Issues with Formalisation**
- **Declaration as 'Forest' under Forest (Conservation) Act, 1980**
 - ◆ Ensures protection but also **opens them to exemptions** under the **Forest (Conservation) Amendment Act, 2023**.
 - ◆ Exemptions for **zoos, safaris, and ecotourism** could lead to **commercial exploitation** and reduced community control.
 - ◆ Local communities have **expressed reservations**, fearing **loss of access and traditional rights** over orans.



- Declaration as 'Community Reserves' under Wildlife (Protection) Act, 1972
 - ♦ Governance will involve both local community & State authorities.
 - ♦ However, the decision-making power will remain with the State, limiting community autonomy.

Key Takeaways from the Article

- Recognition as 'Common Forest Land' under Forest Rights Act, 2006
 - ♦ Communities must prove eligibility under the Act to claim rights.
 - ♦ Many informal community institutions managing orans may not meet eligibility criteria, leading to exclusion from their own lands.

Key Takeaways from the Article

- Alternative Approach Suggested by the Supreme Court
 - ♦ Comprehensive policy by the Environment Ministry for managing orans, considering different governance models across States.
 - ♦ Policy should empower successful informal governance models rather than replacing them with centralized State control.
 - ♦ Consultation with local communities and civil society for policy formulation and execution.

India launches multi-nation alliance - sustainable development

Why in News?

- ♦ Sustainable Urbanization + Circular Economy + Urban Infrastructure + Smart Cities

Syllabus

- ♦ GS Paper 3 – Environment & Ecology

India launches multi-nation alliance for collaboration on sustainable development

The Hindu Bureau
NEW DELHI

India on Monday launched the Cities Coalition for Circularity (C-3), a multi-nation alliance for city-to-city collaboration, knowledge-sharing, and private sector partnerships for sustainable urban development.

This forum would provide a critical platform for policymakers, industry leaders, researchers, and development partners to discuss and implement sustainable solutions for waste management and resource efficiency as economies in the Asia-Pacific region.

Reuse and recycle

Prime Minister Narendra Modi, in a special written message to delegates at the launch, said India follows and strongly advocates the P (Pro-Planet People) approach and highlighted the role of 3R (reduce, reuse and recycle) and circular economy principles in ensuring sustainable urban



Narendra Modi

development and resource efficiency.

He also mentioned that India has always been more than willing to share its experiences and learning in its journey towards creating a circular economy. "We propose that a working group of member nations be formed after this forum to finalise the coalition's structure and operational framework," he said.

A key Memorandum of Understanding (MoU) for CITIS 2.0 was also signed at the launch event in Jaipur.

Union Minister of Hous-

ing and Urban Affairs Manohar Lal announced that agreements worth ₹1,800 crore will be signed under this initiative, benefiting 18 cities across 14 States, and serving as lighthouse projects for other urban areas.

Environmental issues

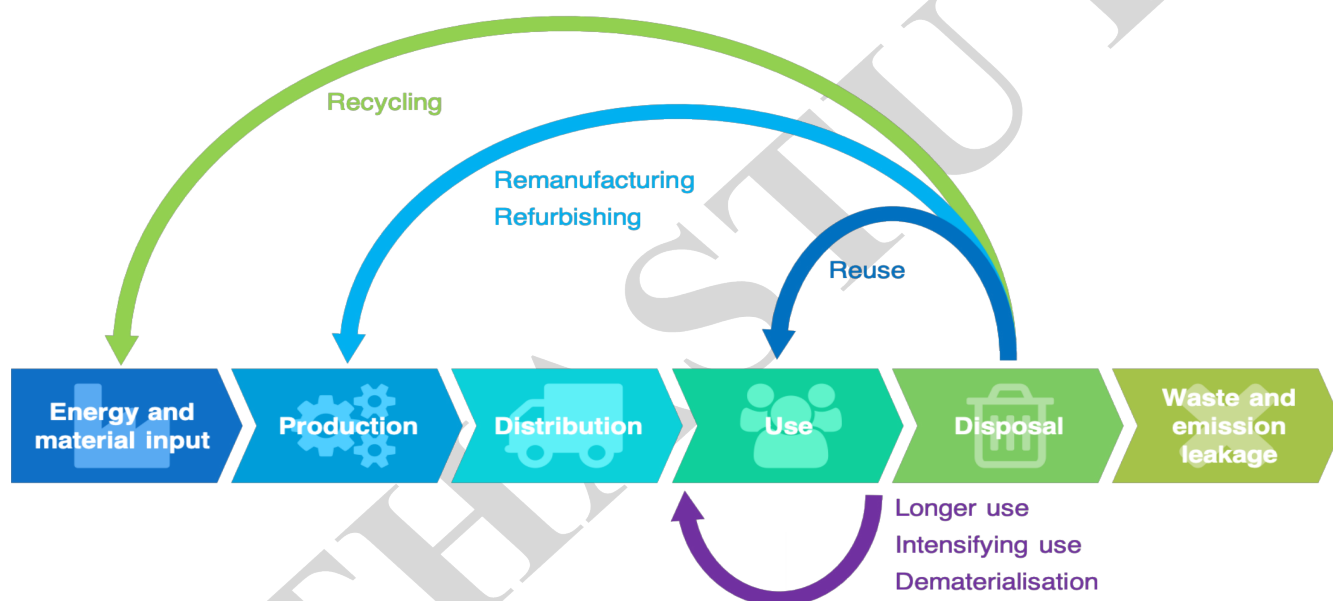
The Regional 3R and Circular Economy Forum in Asia and the Pacific was launched in 2009 to promote sustainable waste management, resource efficiency, and circular economy principles across the region. Recognising the environmental challenges posed by rapid economic growth, resource depletion, and rising waste generation, the forum has served as a key platform for policy dialogue and capacity building.

A major milestone was the adoption of the Hanol 3R Declaration (2013-2023), which outlined 33 voluntary goals for shifting towards a more resource-efficient and circular economy.



Key Takeaways from the Article

- **Launch of the Cities Coalition for Circularity (C-3)**
 - ♦ **India launched C-3, a multi-nation alliance for city-to-city collaboration** on sustainable urban development.
 - ♦ Aim: **Knowledge-sharing, private sector partnerships, and policy implementation** for waste management & resource efficiency.
 - ♦ Focus: Encourages adoption of **Reduce, Reuse, Recycle (3R) principles** and circular economy frameworks.
 - ♦ PM **Narendra Modi** emphasized the **Pro-Planet People (P-3) approach** for environmental sustainability.
 - ♦ Advocated for **India's leadership** in circular economy initiatives and **knowledge exchange with other nations**



Key Takeaways from the Article

- **Regional 3R & Circular Economy Forum**
- **Established in 2009**, focusing on:
 - ♦ **Sustainable waste management & resource efficiency** in Asia-Pacific.
 - ♦ Addressing **challenges of economic growth, resource depletion, and rising waste generation**.
- **Hanoi 3R Declaration (2013-2023):**
 - ♦ Defined **33 voluntary goals** for resource efficient & circular economies.
 - ♦ Strengthened **policy dialogues & capacity building** among participating nations.



Ministry of Information
and Broadcasting
Government of India

12th REGIONAL 3R & CIRCULAR ECONOMY FORUM IN ASIA AND THE PACIFIC

Begins Today



March
3rd - 5th
2025

📍 Rajasthan International Center,
Jaipur City, Rajasthan

Key Takeaways from the Article

- **India's Role in Global Circular Economy Efforts**
- India has been **actively promoting circular economy principles through** domestic initiatives like:
 - ◆ **Swachh Bharat Mission (SBM)** – Waste segregation & sustainable urban waste management.
 - ◆ **Smart Cities Mission** – Focuses on **green urban planning & sustainable infrastructure**.
 - ◆ **Extended Producer Responsibility (EPR) rules** – Encourages industries to take responsibility for waste management.
- **C-3 enhances India's global leadership** in sustainability efforts and aligns with **international climate commitments**.





Gangetic Dolphins

- PM Narendra Modi released the report on **World Wildlife Day (March 3, 2025)**.
- **First Comprehensive Survey of Gangetic Dolphins**
 - ♦ **Total Population:** 6,327 river dolphins found across **four States**.
 - ♦ **Species Covered:**
 - ♦ 6,324 Gangetic river dolphins (*Platanista gangetica*)
 - ♦ 3 Indus river dolphins
 - ♦ **State-Wise Distribution:** Highest population in **Uttar Pradesh**, followed by **Bihar**, **West Bengal**, and **Assam**.

Study finds 6,327 Gangetic dolphins across four States

Prime Minister Narendra Modi releases the report; since different methods were used for the previous counts, latest number will not be useful in gauging the change in population

Jacob Koshy

NEW DELHI

The first estimate of Gangetic dolphins, the only riverine dolphins in India, has found 6,327 of them in the Ganga and its tributaries. Previous attempts at mapping the population have relied on vastly different methods, and so the latest number is not useful for insight on whether their numbers have changed over time, experts associated with the study told *The Hindu*.

A press report by the Environment Ministry on Monday, World Wildlife Day, said there were 6,324 Ganges river dolphins, and three Indus river dolphins (a related species). There were an average 3,275 dolphins in the main stem of the Ganga; 2,414 in the Ganga tributaries; 584 in the Brahmaputra main stem; 412 in the Brahmaputra tributaries; and 101 in the Beas river. The effort began in 2021 and spanned a cumulative distance of 8,507 km.

Unlike the counting of tigers, elephants and other land animals in the forest,

Deep dive

The first estimate of Gangetic dolphins in India has found 6,327 of them in the Ganga and its tributaries



6,324

Ganges river dolphins

Three

Indus river dolphins

DISTRIBUTION

3,275
Ganga main stem

2,414
Ganga tributaries

584
Brahmaputra main stem

412

Brahmaputra tributaries

101

Beas river



The survey started in 2021 and covered **8,507 km**



Uttar Pradesh has the most dolphins, followed by Bihar, West Bengal, and Assam

counting dolphins is challenging. For one, the animals are under water and surface only sporadically to breathe. Second, unlike the tiger's stripes and the elephants' ears that can be caught on camera and used to distinguish one animal from the other, individual dolphins cannot be uniquely identified this way. For their survey, the researchers travelled by boat at a constant speed using acoustic hydrophones – essentially underwater microphones – that pick up sounds emitted by the dolphins. The animals are blind and rely on echolocation to communicate and move.

“Using hydrophones and two different sets of observers on the boat, we triangulate the presence of a dolphin, and we also have to ensure that the same dolphin isn't counted twice,” Qamar Qureshi, formerly of the Wildlife Institute of India and closely connected with the survey, said.

Next survey

The next survey will likely take place after four years. For the current study, many of the surveyors had to be trained in the new techniques that were required. “The major challenge to dolphins is getting entangled in fishermen's nets,

but we are now studying the effect of pollution on the dolphins' habitat,” Mr. Qureshi added.

The dolphin report was officially made public on Monday by Prime Minister Narendra Modi on a visit to Gujarat, where he chaired a meeting of the National Board for Wildlife. He said that the local populations (in the Gangetic States) were important for conservation measures, and added that schoolchildren ought to be encouraged to visit dolphin habitat.

The highest number of dolphins were reported in Uttar Pradesh, followed by Bihar, West Bengal, and Assam.

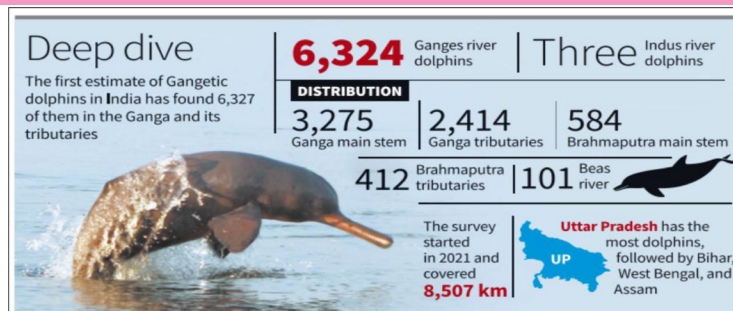




Gangetic Dolphins

Survey Techniques Used:

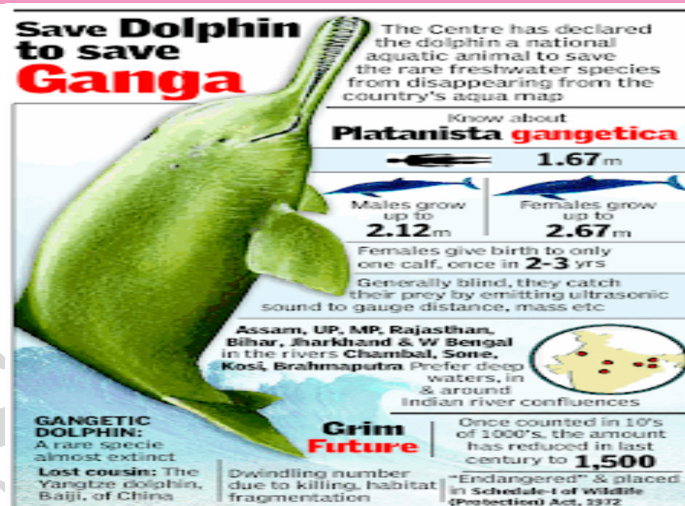
- ◆ **Acoustic hydrophones** – Underwater microphones detect dolphin sounds.
- ◆ **Triangulation Method** – Two teams on boats to ensure the same dolphin isn't counted twice.



Gangetic Dolphins

Significance of Gangetic Dolphins

- ◆ **Only riverine dolphin species in India** and a key indicator of river health.
- ◆ Declared National Aquatic Animal of India (2009).
- ◆ Protected under **Schedule I of the Wildlife Protection Act, 1972**.
- ◆ Included in the Endangered category of the IUCN Red List.
- ◆ Part of **Namami Gange Programme** for Conservation.



UPSC PYQ (2015)

Question: Which one of the following is the national aquatic animal of India? (2015)

- Saltwater crocodile
- Olive ridley turtle
- Gangetic dolphin
- Gharial

Prelims Practice Question

Question: Consider the following statements regarding the Gangetic River Dolphin:

- It is categorized as Critically Endangered under the IUCN Red List.
- It is legally protected under Schedule I of the Wildlife Protection Act, 1972.
- It is a blind species that relies on echolocation for navigation and hunting.
- The highest population of Gangetic River Dolphins in India is found in the Brahmaputra River.

Which of the statements given above is/are correct?

- 1 and 4 only
- 2 and 3 only
- 1, 3, and 4 only
- 2, 3, and 4 only





Virtual Digital Assets

- **Income Tax Bill, 2025** introduces a **clear legal framework** for Virtual Digital Assets (VDAs) under **Section 2(111)**, defining them as **property and capital assets**.
 - ♦ Allows India to **tax, regulate, and seize** VDAs to prevent misuse for **illicit financial activities**.
 - ♦ **VDAs include:**
 - ♦ Cryptocurrencies,
 - ♦ **Non-Fungible Tokens (NFTs)**, and similar digital assets



The implications of treating Virtual Digital Assets as taxable properties

For the first time in India, the Income Tax Bill, 2025 explicitly treats VDAs as property and capital assets. By defining them as such, India gains the ability to tax, regulate, and seize crypto assets when necessary, preventing their misuse for illicit financial activities

Sanhita Chauriha

As digital economies expand and blockchain technology reshapes global finance, governments worldwide are grappling with the classification, regulation and taxation of Virtual Digital Assets (VDAs). India's Income Tax Bill, 2025 introduces a comprehensive legal framework for VDAs defined in Section 2(111), aligning the country's tax structure with global precedents. This move is crucial, considering how major economies like the U.K., the U.S., Singapore, Australia, New Zealand, and the UAE have approached VDAs – primarily as property or securities.

VDAs as property and capital assets
For the first time in India, the Income Tax Bill, 2025 explicitly treats VDAs as property (Section 92(5)(f)) and capital assets. This classification has far-reaching consequences in terms of taxation, compliance, and legal recognition. The bill categorically states that VDAs, which include crypto assets, Non-Fungible Tokens (NFTs), and similar digital assets, should be considered property. This move aligns India with global practices, where digital assets are either classified as securities (like in the U.S.) or property (like in the U.K., Australia, and New Zealand).

VDAs are classified as capital assets under Section 76(1). This means that any gains arising from their sale, transfer, or exchange will be taxed under capital

gains provisions, similar to real estate, stocks, and bonds. For example, if an individual purchases Bitcoin at ₹10 lakh and sells it for ₹20 lakh, the ₹10 lakh profit will be subject to capital gains tax – either short-term or long-term, depending on the holding period. By treating VDAs as capital assets, the government ensures that transactions are subject to standard asset taxation principles, preventing their misuse as unregulated financial instruments. This classification is similar to the U.K. policy, where HM Revenue & Customs (HMRC) recognises crypto assets as property for tax purposes, subjecting them to the Capital Gains Tax (CGT).

Likewise, New Zealand's Inland Revenue Department also treats crypto assets as property, making them subject to income tax on trades.

Continuing the precedent set in 2022, the bill imposes a 30% tax on income from VDA transfers.

Unlike traditional capital assets, no deductions (other than the cost of acquisition) are allowed. This means that expenses related to mining, transaction fees, platform commissions, and gas fees cannot be deducted when calculating taxable income. For instance, if an investor buys Ethereum for ₹5 lakh and sells it for ₹7 lakh, the ₹2 lakh profit is taxed at a flat 30% – with no relief for transaction costs. This tax treatment is harsher than that in the UAE, where the Virtual Assets Regulatory Authority (VARA) allows businesses and individuals to hold and trade VDAs under regulated conditions, with 0% personal income tax

on gains in certain cases. Similar to previous amendments, Section 393 states a 1% TDS (Tax Deducted at Source) on transfers of VDAs. This applies even in peer-to-peer (P2P) transactions and ensures that the government tracks large crypto transactions. The threshold for TDS exemption is ₹50,000 for small traders and ₹10,000 for others.

On the need to report

Another crucial provision is the inclusion of VDAs in undisclosed income taxation and asset seizure regulations. Section 301 states that if an individual fails to report VDA holdings in their tax filings, they can be classified as undisclosed income and taxed accordingly. Furthermore, Section 524(1) allows tax authorities to seize VDAs during investigations or tax raids, similar to how cash, gold, or real estate is confiscated in cases of tax evasion. This aligns with global enforcement trends. The U.K. High Court has ruled that crypto assets can be considered property, allowing courts to freeze or seize them in legal disputes. By treating VDAs as property for seizure purposes, India ensures that crypto-assets do not remain a shadow asset class, immune from regulatory oversight.

Under Section 509, any entity dealing in crypto assets – including exchanges, wallet providers, and even individual traders – is required to report transactions in a prescribed format. This provision mandates compliance from platforms facilitating crypto trades, making it harder to launder money

through digital assets. The bill also mandates that VDAs be included in Annual Information Statements (AIS), ensuring that all crypto transactions are automatically recorded in taxpayers' financial profiles.

A global standard

India's decision to treat VDAs as property and capital assets is a step towards aligning with international legal standards. The United States SEC classifies many crypto assets as securities, bringing them under financial market regulations. This shift is critical for ensuring that VDAs do not exist in a legal grey area. By defining them as property, India gains the ability to tax, regulate, and seize crypto assets when necessary, preventing their misuse for illicit financial activities. However, it is crucial to recognise that despite the developments in the taxonomy and taxation of VDAs, there remains a lack of a clear and comprehensive regulatory framework.

The current legal approach operates in silos, addressing taxonomy and taxation but leaving significant gaps in areas such as investor protection, market regulation, enforcement mechanisms, and a lack of standard guidelines. The treatment of VDAs extends far beyond – it requires a cohesive policy framework that integrates financial regulations, consumer rights, and technological advancements to ensure a balanced and secure digital asset ecosystem.

Sanhita Chauriha is a Technology Lawyer. Views are personal





Prelims Practice Question

Question: With reference to 'Virtual Digital Assets' consider the following statements:

1. They are a medium of exchange or property that can be digitally traded, transferred or used for payment or investment purposes.
2. Central Bank Digital Currency (CBDC) is one of the types of virtual digital assets.

Select the correct statements using the codes given below:

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

Question: Consider the following statements regarding Virtual Digital Assets (VDA) and Central Bank Digital Currencies (CBDC):

1. Virtual Digital Assets (VDA) are recognized as legal tender in India.
2. Central Bank Digital Currencies (CBDCs) are issued and regulated by the central bank of a country.
3. Both VDAs and CBDCs are decentralized and not backed by any central authority.

Which of the statements given above is/are correct?

- (a) 1 and 2 only
- (b) 2 only
- (c) 1 and 3 only
- (d) 1, 2, and 3

