

National party

- How does a party get recognised as a national party?
- The Election Commission reviews the poll performance of recognized parties after every State Assembly election or general election to the Lok Sabha.
- The rules for recognition as a national party are specified by the Commission in para 6B of the Election Symbols (Reservation and Allotment) Order, 1968.
- A party becomes eligible to be accorded national status if it manages to fulfill one of the following conditions:
 - If it is recognized as a State party in at least four States,
 - If it secures 6% of the total votes polled in four States in the last Lok Sabha or Assembly elections, and in addition, gets four of its members elected to the Lok Sabha,
 - If it wins 2% of seats in the Lok Sabha from at least three states. Besides this, the Symbols Order of 1968 was amended in 2016 to give parties one additional “pass over”.
- As per this amendment, deemed to have been in force since January 1, 2014, if a national or State party fails to fulfill the eligibility criteria in the next general elections (March 2014

Lok Sabha polls in this case) or the Assembly election after the election in which it received recognition, it will continue to be recognized as a national or State party, meaning it will not be stripped of its status.

- However, whether it will continue to be recognized after any subsequent election would again have to be determined by the eligibility criteria.

What are the criteria to be recognized as a State party?

- For recognition as a State party, it has to secure at least 6% of the valid votes polled and two seats in Assembly polls or one in Lok Sabha polls.
- There are three other alternatives for eligibility: (a) at General Elections or Legislative Assembly elections, the party has to win 3% of the seats in the legislative assembly of the State (subject to a minimum of 3 seats),
- What are the benefits of recognition as national and State parties?
- A recognized political party enjoys privileges such as a reserved party symbol, free broadcast time on State-run television and radio, consultation in the setting of election dates, and giving input in setting electoral rules and regulations.

- Candidates put up by registered but unrecognized political parties are allotted election symbols by the Returning Officers of the constituencies after the last date for withdrawal of candidature as per the availability.
- Thus, the party cannot use a single poll symbol across the country.

THE HINDU

Dabba trading

What is 'dabba trading'?

- Dabba (box) trading refers to informal trading that takes place outside the purview of the stock exchanges.
- Traders bet on stock price movements without incurring a real transaction to take physical ownership of a particular stock as is done in exchange.
- In simple words, it is gambling centered around stock price movements.
- The primary purpose of such trades is to stay outside the purview of the regulatory mechanism, and thus, transactions are facilitated using cash and the mechanism is operated using unrecognized software terminals.
- Other than this, it could also be facilitated using informal or kaccha

(rough) records, sauda (transaction) books, challans, DD receipts, and cash receipts alongside bills/contract notes as proof of trading.

Where does it become particularly problematic?

- Since there are no proper records of income or gain, it helps dabba traders escape taxation.
- They would not have to pay the Commodity Transaction Tax (CTT) or the Securities Transaction Tax (STT) on their transactions.
- The use of cash also means that they are outside the purview of the formal banking system. All of it combined results in a loss to the government exchequer.
- In 'dabba trading', the primary risk entails the possibility that the broker defaults in paying the investor or the entity becomes insolvent or bankrupt.
- Being outside the regulatory purview implies that investors are without formal provisions for investor protection, dispute resolution mechanisms, and grievance redressal mechanisms that are available within an exchange.
- 'Dabba trading' is recognized as an offense under Section 23(1) of the Securities Contracts (Regulation) Act (SCRA), 1956, and upon conviction,

can invite imprisonment for a term extending up to 10 years or a fine up to ₹25 crores, or both.

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Mudra scheme

- Pradhan Mantri MUDRA Yojana (PMMY) is a scheme launched by the Hon'ble Prime Minister on April 8, 2015, for providing loans up to 10 lakhs to non-corporate, non-farm small/micro enterprises.
- These loans are classified as MUDRA loans under PMMY. These loans are given by Commercial Banks, RRBs, Small Finance Banks, MFIs, and NBFCs.
- Under the aegis of PMMY, MUDRA has created three products namely 'Shishu', 'Kishore', and 'Tarun' to signify the stage of growth/development and funding needs of the beneficiary micro unit/entrepreneur and also provide a reference point for the next phase of graduation/growth.

THE HINDU

GCC

- The Cooperation Council for the Arab States of the Gulf also known as the Gulf Cooperation Council is a regional, intergovernmental,

political, and economic union comprising Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

- The council's main headquarters is located in Riyadh, the capital of Saudi Arabia.
- The Charter of the GCC was signed on 25 May 1981, formally establishing the institution.
- All current member states are monarchies, including three constitutional monarchies (Qatar, Kuwait, and Bahrain), two absolute monarchies (Saudi Arabia and Oman), and one federal monarchy (the United Arab Emirates, which is composed of seven member states, each of which is an absolute monarchy with its own emir)
- An economic agreement between the countries of the Gulf Cooperation Council was signed on 11 November 1981 in Abu Dhabi, UAE.
- These countries are often referred to as "the GCC states"
- In 2001, the GCC Supreme Council set the following goals:
 - Customs Union in January 2003
 - Common market by 2007
 - Common currency by 2010
 - Other stated objectives include:
 - Formulating similar regulations in various fields such as religion,

finance, trade, customs, tourism, legislation, and administration.

- Fostering scientific and technical progress in industry, mining, agriculture, water, and animal resources.
- Establishing scientific research centers.
- Setting up joint ventures.
- Unified military (Peninsula Shield Force).

THE HINDU

SPECIAL RUPEE VASTRO

What is the SRVA arrangement?

- Vostro account - A Vostro account (Vostro means 'yours' in Latin) is an account that a domestic bank holds for a foreign bank in the domestic bank's currency.
- Special Vostro Accounts - Normal Vostro accounts act only as transit accounts whereas in Special Vostro Accounts INR (Indian Rupee) balances can be held.
- The SRVA is an additional arrangement to the existing system that uses freely convertible currencies.
- It works as a complimentary system to facilitate transactions that cannot be executed through the existing banking setup.

Components of the framework

- The framework entails three important components - invoicing, exchange rate, and settlement.
- Invoicing entails that all exports and imports must be denominated and invoiced in INR.
- The exchange rate between the currencies of the trading partner countries would be market-determined.
- The final settlement also takes place in Indian National Rupee (INR).

IMPORTANCE

- International banking services - Domestic banks use it to provide international banking services to their clients without having to be physically present abroad.
- Expansion of market base - It helps domestic banks gain wider access to foreign financial markets.

Payments in rupee

- Balances in the account can be repatriated in freely convertible currency and/or the currency of the beneficiary partner country.
- Reduction in forex - The Economic Survey (2022-23) argued that the framework could largely reduce the net demand for foreign exchange.

- INR as an international currency - In the long-term, it promotes INR as an international currency



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