

INHERITANCE TAX IN INDIA?

What is an Inheritance Tax?

Also known as estate tax, it is a tax levied on the total value of money and property of a deceased person before it is distributed to their legal heirs. The purpose of inheritance tax is often to generate revenue for the government and to redistribute wealth. It plays a significant role in shaping economic policies and social welfare systems, influencing decisions on wealth transfer and intergenerational equity.

Which Countries Levy Inheritance Tax?

In Japan, the inheritance tax rate stands at 55%, making it one of the highest in the world. South Korea follows closely behind with a rate of 50%. France imposes an inheritance tax rate of 45%, while both the United Kingdom and the United States have rates of 40%. In India, the Inheritance or Estate Tax was abolished in 1985.

Why it Might not be a Good Idea to Impose an Inheritance Tax in India?

1. For a developing country like India, incentivising entrepreneurial spirit to promote private investment should be the priority. Such a tax can lead to the exodus of the high net worth individual to countries without this tax, not only taking their money out but also their entrepreneurial skills, which India needs to consistently grow at higher rates.
 2. Also, it is not difficult to dodge the inheritance tax. One such method is forming a family trust which insulates their assets, because there is no transfer in ownership of assets, only a change in the trust shareholding.
 3. The tax also entails some practical problems. It may be very difficult to assess the value of some inherited assets such as family antiques.
-

HOW IS THE STRENGTH OR WEAKNESS OF THE RUPEE DECIDED?

It is a **function of its exchange rate** with not just the US dollar, but also with other global currencies. In this case, it would be **against a basket of currencies** of the country's most important trading partners - what is called the rupee's effective exchange rate (**EER**).

How are Currency Weights Decided for Calculating EER?

Similar to how the weights for each commodity in the **Consumer Price Index (CPI)** are determined by their relative importance within the overall consumer basket, the currency weights are determined by the respective countries' share of India's total foreign trade.

What are the Two Measures of EER?

1. **Nominal EER (NEER):** The RBI has constructed NEER indices of the rupee **against a basket of six** (US dollar, euro, Chinese yuan, British pound, Japanese yen and Hong Kong dollar) **and also of 40 currencies** (that account for about 88% of India's annual trade flows). The NEER indices are with reference to a **base year value of 100 for 2015-16**.
2. **Real EER (REER):** It is basically the NEER that is **adjusted for the inflation differentials** between the home country and its trading partners. Any increase in REER means that the costs of exports from India are rising more than the prices of imports into the country. That translates into a **loss of trade competitiveness**.

What the NEER and REER Data Shows About Rupee Depreciation? The rupee has strengthened in real terms over time. This is opposite to the trend of weakening of rupee's NEER or its exchange rate with the US dollar. If a country's nominal exchange rate falls less than its domestic inflation rate - as with India - the currency has **actually appreciated in "real" terms**.

WHAT IS TINA FACTOR IN INVESTING?



The recent surge in gold prices is due to the TINA (there is no alternative) factor in China, with retail shoppers, investors and central bank, all turning to the bullion in uncertain times.

TINA stands for **There Is No Alternative**. It refers to a situation where investors perceive a particular asset class or investment as the **best option available** given the prevailing market conditions.

- This perception arises **when other investment options** are **deemed unattractive** due to factors such as low returns, high volatility or economic uncertainty.
- Essentially, people fearful of possible uncertainties in the future consider investing in the safest investment instrument.
- The TINA effect **can explain a price bubble**. That is, prices rise to unrealistic heights due to a lack of reasonable alternatives.
- TINA has historically been a response to certain economic conditions where **investments typically seen as safe** have become less favorable.
 - This might **include bonds or real estate, which might offer lower returns** due to low interest rates or an inflated real estate market.
 - In these scenarios, **TINA takes hold**, with **investors feeling as if their options have shrunk substantially**.
 - In periods when stock prices soar and bond returns languish, TINA has been used to justify investing in anything other than stocks or bonds, such as **gold, cryptocurrencies, and non-fungible tokens (NFTs)**.

NATIONAL CAREER SERVICE PORTAL



The Centre plans to upgrade the nine-year-old National Career Service (NCS) portal to link millions of youths with prospective employers in a bid to prepare a future-ready workforce.

- It provides **online career counselling** and vocational guidance services to its registered users. It aims to equip the jobseeker with necessary information that is required to make right career choices based on his/her qualification, skill set and interest.

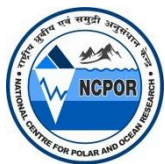
- It provides a **nation-wide online platform** for the job seekers and employers for job-matching in a dynamic, efficient and responsive manner and has a repository of career content to job seekers.

What is National Career Service?

- It is one of the **mission-mode projects** under the umbrella of the E-Governance Plan. It was launched in the year 2015.
- **Objectives:** It works towards bridging the gap between **job-seekers and employers, candidates** seeking training and career guidance and agencies providing training and career counselling by transforming the National Employment Service.
- It provides a host of career-related services such as dynamic job matching, career counselling, job notifications, vocational guidance and information on skill development courses, internships and alike.
- **Focus areas:**
 - Enhancing Career and employment opportunities
 - Counselling and guidance for career development
 - Focusing on decent employment
 - Enhancing female labour force participation
 - Encouraging entrepreneurial endeavours
- **Nodal Agency:** It is being implemented by the **Directorate General of Employment, Ministry of Labour & Employment.**

NATIONAL CENTRE FOR POLAR AND OCEAN RESEARCH

Researchers from National Centre for Polar and Ocean Research reported the conditions that led to unprecedented hindrance in Antarctic ice expansion and ice retreat.



National Centre for Polar and Ocean Research is an **autonomous research institute** under the **Ministry of Earth Sciences (MoES)** established in 1998. It is

India's premier R&D institution responsible for the country's research activities in the **Polar and Southern Ocean realms.**

- It is tasked with planning and executing polar expeditions and scientific research in Antarctica, Arctic, Himalayas and Southern Ocean.
 - It also undertakes research on some of the country's strategically vital projects like **mapping of Exclusive Economic Zone (EEZ)**, continental shelf margins and the Deep Ocean Mission.
 - The Center maintains a Research Advisory Committee (RAC) to help guide and concentrate the research activities.
 - It is located in **Vasco da Gama, Goa** and was formerly known as the National Center for Antarctic and Ocean Research (NCAOR).
-

HOW IS INDIA PLANNING TO BOOST EV PRODUCTION?

Key Features of the Policy:

- Minimum Investment required: **Rs 4,150 Cr;**
- No limit on maximum Investment;
- **Timeline for manufacturing:**
 - 3 years for setting up manufacturing facilities in India, and to start commercial production of e-vehicles, and
 - Reach 50% domestic value addition (DVA) within 5 years at the maximum.
- **Domestic value addition (DVA) during manufacturing:**
 - A localization level of 25% by the 3rd year and 50% by the 5th year will have to be achieved.
- The **customs duty of 15%** (as applicable to CKD units) would be applicable for a period of 5 years
- **Not more than 8,000 EVs per year** would be permissible for import under this scheme. The carryover of unutilized annual import limits would be permitted.

- The Investment commitment made by the company will have to be backed up by a bank guarantee in lieu of the custom duty forgone.

About FAME-II Scheme:

- Launched in 2015, the Fame India scheme is an incentive scheme that encourages the adoption of electric and hybrid vehicles.
- The full form of **FAME India** scheme is “Faster Adoption and Manufacturing of Electric and Hybrid Vehicles in India”.
- In 2019, the Central government approved Phase-II of FAME Scheme with an outlay of **10,000 Crore for a period of 3 years**.
 - Earlier this year, it was extended to March 31, 2024.
- Phase-II aims to generate demand by way of supporting 7000 e-Buses, 5 lakh e-3 Wheelers, 55,000 e-4 Wheeler Passenger Cars (including Strong Hybrid) and 10 lakh e-2 Wheelers.
- Nearly 2 lakh vehicles have been supported under the FAME-II scheme.

Other Measures taken by the Government to promote use of EVs:

- **Battery Swapping Policy:**
 - Battery swapping is an alternative which involves exchanging discharged batteries for charged ones and provides flexibility to charge them separately.
 - This de-links charging and battery usage and keeps the vehicle in operational mode with negligible downtime.
- **Switching to an EV:**
 - Central/State governments provide an upfront subsidy that reduces the overall costs of electric vehicles.
- **E-AMRIT Portal:**
 - The e-AMRIT portal offers various resources to help ease the migration to electric vehicles.



WHAT IS VOYAGER 1 SPACECRAFT?

Voyager 1 probe is returning usable information to ground control, the NASA announced recently.

- It is a space probe launched by NASA on September 5, 1977, about two weeks after its twin Voyager 2 to study the outer Solar System and beyond.
- Its mission has included flybys of Jupiter and Saturn, with the goal of studying their moons, rings and magnetic fields.
- It is currently the **most distant human-made object from Earth**. It was the first spacecraft to cross the heliosphere, the boundary where the influences outside our solar system are stronger than those from our Sun.
- It discovered a thin ring around Jupiter and two new Jovian moons: Thebe and Metis. At Saturn, Voyager 1 found five new moons and a new ring called the G-ring.
- Voyager 1 carries a **golden record** that contains sounds and images selected to portray the diversity of life and culture on Earth, in the event that it is ever encountered by extraterrestrial life.
- According to NASA, Voyager 1 has **enough fuel to keep** its instruments **running until at least 2025**. By then, the spacecraft will be approximately 13.8 billion miles (22.1 billion kilometers) away from the sun.

Key Facts about Voyager 2 Spacecraft:

- It is a space probe launched by NASA on August 20, 1977. It is part of the **Voyager program**, which also includes Voyager 1.
- **Primary mission:** To study the outer planets of our solar system and their moons, and then continue on an interstellar mission.
- It is the **second spacecraft to enter interstellar space**. It also carries a **golden record** similar to Voyager 1.
- **Firsts:**
 - It is the **only spacecraft to study all four of the solar system's giant planets** at close range.

- It discovered a 14th moon at Jupiter.
 - It was the **first human-made object to fly past Uranus.**
 - At Uranus, Voyager 2 discovered 10 new moons and two new rings.
 - It was the **first human-made object to fly by Neptune.**
 - At Neptune, Voyager 2 discovered five moons, four rings, and a "**Great Dark Spot.**"
-

KEY FACTS ABOUT THE ENGLISH CHANNEL

Five people died in an attempt to cross the English Channel recently, hours after Britain passed a bill to deport asylum seekers to Rwanda to try to deter the dangerous crossings.



English Channel is a narrow arm of the Atlantic Ocean that separates the southern coast of England (part of Great Britain) from the northern coast of France.

- It is separated from the North Sea on the north by **the Strait of Dover.**
 - **Climate:** Temperate maritime climate with warm summers and cold winters.
 - The main islands are the **Isle of Wight** and the **Channel Islands** (a collection of islands including Jersey, Guernsey, Alderney, and Sark).
 - **Economic Importance:**
 - It is one of the world's **busiest shipping areas**, linking southern England, to northern France.
 - It accounts for up to **20% of the global maritime trade** and connects the Atlantic Ocean to the North Sea.
-

AN OVERVIEW OF THE PMAY-U SCHEME

Housing scarcity in India

- Currently, according to the government's estimates, there is a shortage of around 20 million houses in rural areas and three million in urban centres.

- According to a study by the ICRIER, urban housing shortage increased by 54%, from 1.88 crore in 2012 to 2.9 crore in 2018.

Pradhan Mantri Awas Yojana

- The PMAY is a centrally sponsored scheme. Both the Union and the State governments are supposed to financially contribute to it.
- The declared objectives of the scheme included:
 - rehabilitation of slum dwellers with private developers' participation;
 - promotion of affordable housing for the weaker sections through Credit Linked Subsidy Schemes (CLSS);
 - affordable housing in partnership with public and private sectors; and subsidy for Beneficiary-led Construction (BLC).

Pradhan Mantri Awas Yojana - Urban (PMAY):

- Housing for All is one of the major flagship programmes of Government of India launched in June 2015 and being implemented by the **Ministry of Housing and Urban Affairs (MoHUA)**.
- It will ensure **all weather pucca houses** to all eligible beneficiaries in the urban areas of the country through States or UTs or Central Nodal Agencies by the year 2022, when Nation completes 75 years of its independence.
- The scheme **covers the entire urban area of the country**, i.e., all statutory towns as per Census 2011 and towns notified subsequently, including Notified Planning or Development Areas.
- **Funding**
 - It is implemented as a **Centrally Sponsored Scheme (CSS)** except for the component of credit linked subsidy scheme (CLSS) which is implemented as a **Central Sector Scheme**.
 - While the Government of India provides financial assistance, State governments or UTs implement the scheme including selection of beneficiaries.