

WHAT IS THE GOODS AND SERVICES TAX (GST) COUNCIL?

The Goods and Services Tax (GST) Council, in its upcoming meeting, is likely to discuss the scope of the budgetary support policy for the eligible manufacturing units operating in hilly areas, such as Uttarakhand, Himachal Pradesh, and Northeast states.



What exactly is the Goods and Services Tax (GST)?

- It is an **indirect tax** (not directly paid by customers to the government), that came into effect from **1 July 2017** through the implementation of the **101st Amendment to the Constitution** of India by the Indian government.
- It has actually **replaced various indirect taxes** such as - service taxes, VAT, excise and others in the country.
- **It is levied on the manufacturer or seller of goods and the providers of services.**
- **Types of GST:** State Goods and Services Tax (SGST), Central Goods and Services Tax (CGST) and the Integrated Goods and Services Tax (**IGST**, on exports and imports).

What is the GST Council?

- **Article 279A** of the Indian Constitution gives power to the **President of India** to constitute a joint forum of the Centre and States called the **GST Council**, consisting of the -
 - **Union Finance Minister - Chairperson**
 - **The Union Minister of State, in-charge of Revenue of finance - Member**
 - **The Minister in-charge of finance or taxation** or any other Minister **nominated by each State Government - Members**
- The GST Council is an **apex committee to modify, reconcile or to make recommendations to the Union and the States on GST**, like the goods and services that may be subjected or exempted from GST, model GST laws, etc.
- **Decisions in the GST Council are taken by a majority of not less than three-fourth of weighted votes cast.**

- Centre has one-third weightage of the total votes cast and all the states taken together have two-third of weightage of the total votes cast.
 - All decisions taken by the GST Council have been arrived at through consensus.
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NATIONAL EDUCATION POLICY 2020

National Education Policy (NEP-2020)

- An eight-member committee was formed in 2017 to draft a national education policy with K. Kasturirangan, a space scientist, as chairman.
- The committee's recommendations were published as National Education Policy 2020 (NEP-2020).

Key Recommendations of NEP-2020

- The report highlighted the problems in the higher education system such as:
 - The rigid boundaries of disciplines and fields.
 - Thousands of stand-alone institutions.
 - Absence of research at most universities and colleges.
 - And the lack of a transparent and competitive peer-reviewed research funding system.
- One of the **major recommendations of NEP-2020 was the establishment of a NRF** to manage a competitive grant system for R&D in universities and institutes involved with higher education.

National Research Foundation (NRF)

- As per the recommendations of the **National Education Policy (NEP)**, NRF will be established at a total estimated cost of **₹50,000 crore from 2023-28**.
 - The government will contribute ₹10,000 crore over five years and **close to ₹36,000 crore is expected to come from the private sector** (as investments into research).
- **The DST (Department of Science and Technology)** would be an “administrative” department of NRF that would be governed by a **Governing Board**.
 - **The Prime Minister will be the ex-officio President** of the Board and the Union Minister of Science & Technology and Union Minister of Education will be the ex-officio Vice-Presidents.

- The **Governing Board** will also consist of eminent researchers and professionals across disciplines.
 - NRF's functioning will be governed by an **Executive Council** chaired by the Principal Scientific Adviser to the Government of India.
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NATIONAL RESEARCH FOUNDATION (NRF)

Context

- Recently, the Union Cabinet approved the **National Research Foundation (NRF) Bill 2023** with the provision to set up NRF - one of the major recommendations of the NEP-2020.
- The objective of NRF as an apex body is to provide high-level strategic direction to scientific research in the country.

Objectives of the Proposed NRF

- **To Foster a Culture of Innovation:** NRF will seed, grow, and promote research and development (R&D) and foster a culture of innovation throughout Indian universities, colleges, institutions, and R&D laboratories.
- **To Focus on Need-Based Research:** NRF will bring focus on need-based research and help support research in the fields of natural sciences, engineering and technology, environmental and earth sciences, and social sciences.
- **To Promote Greater Funding from Private Sector**
 - NRF will ensure that scientific research is conducted and funded **equitably and greater participation from the private sector**.
 - Currently, eminent institutions like the IITs and IISc **get a bulk of research funding** but State universities get very little (~10%) of the research funds.
- **To Forge Effective Collaborations:** NRF will forge collaborations among the industry, academia, and government departments and research institutions.
- **To Formulate an Interface Mechanism:** It will create an interface mechanism for participation and contribution of industries and State governments in addition to the scientific and line Ministries.

- **To Focus on Creating Policy Framework:** It will focus on creating a policy framework and putting in place regulatory processes that can encourage collaboration and increased spending by the industry on R&D.

Why Setting up NRF is a Momentous Step?

- **India needs a strong competitive grant system** as has been proposed by NEP-2020. The number of institutes/universities/medical schools has increased significantly.
- **A competitive grant system provides the necessary leeway to accelerate research** in new and emerging areas where interdisciplinary is critical.
- **It can be used for collaborative work** among institutions, between institutions and industry, and collaborations across the countries.

What should be Government's Strategy to make NRF a success?

- **Discussions on Suggestions Made by Academies**
 - Academies dealing with science, technology, engineering, medicine, and agriculture submitted a report to the Central government in 2022 which contained some pertinent suggestions to improve our R&D ecosystem.
- **Effective Mechanism of Managing Projects and Grants**
 - The first task of NRF administration should be to implement a **time-bound, ICT-based system** for managing the projects and disbursing a grant of Rs 3,000 crore in the launch year of NRF, hopefully 2023-24.
 - As for garnering Rs 36,000 crore from non-government sources, it will indeed be an astounding development for R&D in the country if it can be managed.

Conclusion

- R&D in frontier areas is key to India's ambition to grow as an economic and tech superpower. The NRF is the instrument to prepare our individuals and institutions for that future-ready task.
- The NRF's vision provides a chance of course correction and opportunity to compete in genuine innovation.

SOLAR SHOOTING STARS

Recently, astronomers have made a stunning discovery of meteor-like streaks falling on the surface of the Sun.



About Solar shooting stars:

- These are massive **clumps of plasma** that plummet to the Sun's surface at incredible speeds.
- These look like a massive rain of fireballs that play a **key role in heating up the corona** which is the outermost part of the Sun's atmosphere.
- The researchers observed these solar shooting stars using the **Solar Orbiter spacecraft** of the **European Space Agency**.
- This is the first time such impacts have been spotted.
- These observations were made from a close distance of just 30 million miles from the sun.

How are coronal rains formed on Sun?

- The Coronal rain which is plasma firework displays consisting of gas with temperatures exceeding two million degrees Fahrenheit.
- Instead of water, **coronal rains form when localised temperature drops**, causing solar plasma to condense into dense lumps.
- These lumps then fall to the cooler surface of the Sun, known as the photosphere, as fiery rain at speeds of up to 220,000 miles per hour.

Significance of this observation

- This could help solve the mystery of why the corona, the outermost part of the Sun's atmosphere, is hotter than the layers beneath it.



GLOBAL PEACE INDEX

The **2023 Global Peace Index (GPI)** recently released its annual ranking of the most peaceful countries in the world.

About Global Peace Index:

- It is released annually by the Institute for Economics and Peace (IEP).
- 2023 Global Peace Index (GPI) ranked 163 independent states and territories according to their level of peacefulness.
- It measures the state of peace across three domains:
 - Societal safety and security;
 - Ongoing domestic and international conflict;
 - Militarization;

Highlights of Global Peace Index 2023:

- The average level of global peacefulness deteriorated by 0.42 per cent.
- Iceland is the most peaceful country in the world – a title it has held since 2008. It is accompanied at the top by Denmark, Ireland, New Zealand, and Austria.
- Conversely, Afghanistan is the least peaceful country in the world for the eighth consecutive year. It is followed by Yemen, Syria, South Sudan, and the Democratic Republic of the Congo.
- India has occupied the 126th spot in the rankings, two higher than its previous position.
- The report stated that India experienced an improvement of 3.5 per cent in overall peacefulness over the past year, owing to improvements in violent crime, neighbouring countries' relations, and political instability.
- Among other countries, Nepal, China, Sri Lanka, United States of America, and Pakistan, and have been ranked 79, 80, 107, 131, 146, respectively.

INTERNATIONALISATION OF RUPEE: WHY AND WHAT ARE THE BENEFITS?

Why in News?

- According to the Reserve Bank of India's (RBI) inter-departmental group (IDG), the rupee has the potential to become an internationalised currency.
- These recommendations are significant, with India remaining one of the fastest-growing countries and showing remarkable resilience in the face of major headwinds.

The Internationalisation of the Rupee:

- **Meaning:**

- It is a process that **involves increasing the use of the rupee in cross-border transactions**. These are all transactions between residents in India and non-residents.
- It involves -
 - Promoting the rupee for **import and export trade** and then other **current account transactions** (measures imports and exports of goods and services, etc.),
 - Followed by its use in **capital account transactions** - measures cross-border investments in financial instruments, etc.

- **It is closely interlinked with:**

- The nation's economic progress,
- Further opening up of the currency settlement and a strong swap and forex market,
- **Full convertibility** of the currency on the capital account and
- Cross-border transfer of funds without any restrictions.
- **Currently,**
 - **The US dollar, the Euro, the Japanese yen** and the pound sterling are the leading reserve currencies in the world.
 - **China's** efforts to make its currency Renminbi has met with only limited success so far.

Why does the US dollar enjoy an 'Exorbitant Privilege' and its obvious Challenger?

- **The dollar's position is supported by a range of factors**, including -
 - The size of the US economy,
 - The reach of its trade and financial networks,
 - The depth and liquidity of US financial markets, and
 - A history of macroeconomic stability and currency convertibility.
 - Dollar dominance has also benefited from the lack of viable alternatives.
- The obvious challenger to the US dollar dominance is the **Chinese Renminbi**. However, its ability to rival the US dollar will depend on -

- Future policies in both the US and China and
- The ability of the Chinese economy and its financial system to demonstrate the same long-term resilience, integrity, transparency, openness and stability.

Advantages of Internationalisation of the Rupee:

- **Mitigates currency risk for Indian businesses:** The use of the rupee in cross-border transactions will protect Indian businesses from currency volatility.
- **This will reduce the cost of doing business**, enable better growth of business and improve the chances for Indian businesses to grow globally - **helping to raise the stature of India and its economy globally.**
- **Reduces the need for holding foreign exchange reserves:** While reserves help manage exchange rate volatility and project external stability, they impose a cost on the economy.
- **Reducing dependence on foreign currency:** It will make India less vulnerable to external shocks.

CREDIT CARD USAGE: RBI TO LET CUSTOMERS CHOOSE CARD NETWORK

Why in News?

- The Reserve Bank of India (RBI), in a draft circulation, directed card issuers to offer their customers the option to choose card networks like Visa, Mastercard, RuPay, American Express, etc.

India's Credit Card Market:

- According to RBI data, banks have issued **8.65 crore credit cards**, as of April 2023.
- Monthly credit payments are now over Rs 1 lakh crore every month, with **card payments touching Rs 1.32 lakh crore in the month of April 2023.**
- On a year-on-year basis, the credit card outstanding has soared to Rs 2 lakh crore.
- Spending has been high in contact-intensive sectors such as travel, hospitality, and tourism.
- Additionally, non-discretionary spending is also being routed through credit cards primarily due to the innovative reward structure followed by various banks.

- The surge in credit card usage in India is a **positive indicator of the growing purchasing power of our country.**

What Does the RBI Proposal Entail?

- The Reserve Bank of India (RBI) has proposed that **card issuers provide an option to their eligible customers to choose any one among the multiple card networks.**
- This option may be exercised by customers either at the time of issue or at any subsequent time, the RBI said in a draft circular to banks.
- The RBI has said card issuers should not enter into any arrangement or agreement with card networks that restrain them from availing the services of other card networks.
- The proposal requires banks to parent with more than one card network and to provide an option to their eligible customers to choose any one among the multiple card networks.

What is the Role of Credit Card Networks?

- Credit card networks provide the centralised communication system that card issuers like banks and non-banks use to process credit card transactions.
- The networks and issuers authorise and process credit card transactions, set the transaction terms, and move payments between customers, businesses, and their banks.
- Major credit card networks include **Visa, Mastercard, American Express** and **RuPay**.
- Banks usually issue credit cards to customers in association with card networks.
 - If a customer has a credit card issued by the bank with its logo and the Visa logo on it, the bank is the credit card issuer and Visa is the credit card network.
- When a customer uses a credit card to make a purchase, the transaction request goes to the credit card issuer, who then decides whether or not to authorise it through the network system of the card networks.
- The bank extends credit to the cardholder, and the cardholder pays the bank back for purchases made with the credit card.