

ECONOMY**RBI sets up a Public Credit Registry:**

The Reserve Bank of India has shortlisted six major IT companies, including TCS, Wipro and IBM India, to set up a wide-based digital Public Credit Registry (PCR) to capture details of all borrowers and wilful defaulters. The RBI will soon seek request for proposal from the six vendors.

Public Credit Registry: The PCR will be an extensive database of credit information for India that is accessible to all stakeholders. The idea is to capture all relevant information in one large database on the borrower and, in particular, the borrower's entire set of borrowing contracts and outcomes.

The proposed PCR will also include data from entities like market regulator SEBI, the corporate affairs ministry, Goods and Service Tax Network (GSTN) and the Insolvency and Bankruptcy Board of India (IBBI) to enable banks and financial institutions to get a 360-degree profile of the existing as well as prospective borrowers on a real-time basis.

Benefits of having a PCR:

- A PCR can potentially help banks in credit assessment and pricing of credit as well as in making risk-based, dynamic and counter-cyclical provisioning.
- The PCR can also help the RBI in understanding if transmission of monetary policy is working, and if not, where are the bottlenecks.
- Further, it can help supervisors, regulators and banks in early intervention and effective restructuring of stressed bank credits.
- A PCR will also help banks and regulators as credit information is a 'public good' and its utility is to the credit market at large and to society in general.

Task force on PCR:

- The Reserve Bank of India (RBI) had formed a high-level task force on public credit registry (PCR) for India. The task force was chaired by Y M Deosthalee.
- The task force has suggested the registry should capture all loan information and borrowers be able to access their own history. Data is to be made available to stakeholders such as banks, on a need-to-know basis. Data privacy will be protected.

'Angel Tax' Controversy

Over the past few weeks, several startups have reportedly been receiving notices from the I-T department asking them to clear taxes on the angel funding they raised, and in some cases, levying a penalty for not paying Angel Tax. However, this is not the first time that this issue has come up. Startups have been raising the issue of Angel Tax for years, requesting the government to do away with it.

Angel Tax: Angel Tax is a 30% tax that is levied on the funding received by startups from an external investor. However, this 30% tax is levied when startups receive angel funding at a valuation higher than its 'fair market value'. It is counted as income to the company and is taxed. The tax, under section 56(2)(viib), was introduced by in 2012 to fight money laundering. The stated rationale was that bribes and commissions could be disguised as angel investments to escape taxes. But given the possibility of this section being used to harass genuine startups, it was rarely invoked. Angel tax is problematic because

- There is no definitive or objective way to measure the 'fair market value' of a startup. Investors pay a premium for the idea and the business potential at the angel funding stage. However, tax officials seem to be assessing the value of the startups based on their net asset value at one point. Several startups say that they find it difficult to justify the higher valuation to tax officials.
- In a notification dated May 24, 2018, the Central Board of Direct Taxes (CBDT) had exempted angel investors from the Angel Tax clause subject to fulfilment of certain terms and conditions, as specified by the Department of Industrial Policy and Promotion (DIPP).

However, despite the exemption notification, there are a host of challenges that startups are still faced with, in order to get this exemption.

GST rate cut slashed on 20+ items:

The GST Council slashed GST rate on over 20 items, including TV screens, movie tickets and digital cameras, in a relief for traders and common man. The government has also rationalized the 28 per cent slab by bringing down the tax rate on seven items in the highest bracket, thereby leaving only 28 items in the slab.

Items set to get cheaper after GST slash

From 28% to 18%

- Monitors and TVs of upto screen size of 32 inches
- Re-treaded or used pneumatic tyres of rubber;
- Power banks of lithium ion batteries. Lithium ion batteries are already at 18%. This will bring parity in GST rate of power bank and lithium ion battery.
- Digital cameras and video camera recorders
- Video game consoles and other games and sports requisites falling under HS code 9504.

From 28% to 5%

- Parts and accessories for the carriages for disabled persons

From 18% to 12%

- Cork roughly squared or debagged
- Articles of natural cork
- Agglomerated cork

From 18% to 5%

- Marble rubble

From 12% to 5%

- Natural cork
- Walking Stick
- Fly ash Blocks

12% to Nil

- Music Books

5% to Nil

- Vegetables, (uncooked or cooked by steaming or boiling in water), frozen, branded and put in a unit container
- Vegetable provisionally preserved (for example by sulphur dioxide gas, in brine, in sulphur water or in other preservative solutions), but unsuitable in that state for immediate consumption.

Miscellaneous

- Exemption from GST on supply of gold by Nominated Agencies to exporters of article of gold Jewellery.
- Exemption from GST on proceeds received by Government from auction of gifts received by President, Prime Minister, Governor or Chief Minister of a State and public servants, the proceeds of which is used for public or charitable cause.
- Exemption from IGST/Compensation cess on vehicles imported for temporary purposes under the Customs Convention on the Temporary importation of Private Road Vehicles (carnet de passages-en-douane).
- Rate of 5%/18% to be applied based on transaction value of footwear
- Uniform GST rate of 12% on Flexible Intermediate Bulk Container (FIBC) from existing 5%/12% (depending on the value)

SCIENCE AND TECHNOLOGY

Ultima Thule

NASA's New Horizons spacecraft, the same craft that made humanity's first-ever visit to Pluto in 2015, is approaching its next target, a Kuiper Belt object a billion miles beyond Pluto,

nicknamed Ultima Thule. It will be another first for New Horizons, the farthest planetary flyby in human history.

Key facts- Ultima Thule:

- Ultima Thule is located in the Kuiper belt in the outermost regions of the Solar System, beyond the orbit of Neptune.
- It measures approximately 30 km in diameter, and is irregularly shaped.
- Ultima Thule has a reddish color, probably caused by exposure of hydrocarbons to sunlight over billions of years.
- Ultima Thule belongs to a class of Kuiper belt objects called the “cold classicals”, which have nearly circular orbits with low inclinations to the solar plane.

New Horizons: New Horizons was launched in 2006, and has been travelling through space for the past nine years. New Horizon’s core science mission is to map the surfaces of Pluto and Charon, to study Pluto’s atmosphere and to take temperature readings.

China launches communication satellite to provide broadband services

China on December 22 launched its first communication satellite to provide broadband internet services worldwide in an apparent bid to rival Google and other international firms. The satellite was launched from a Long March 11 carrier rocket from the Jiuquan Satellite Launch Centre in north-western China and is the first in the Hongyun project planned by China Aerospace Science and Industry Corp. (CASIC).

The Hongyun project, started in September 2016, aims to build a space-based communications network to provide broadband internet connectivity to users around the world, especially those in the underserved regions. The concept of running a low-cost, high-performance satellite network to provide space-based communications and internet services has become popular globally among industry players.

Currently, many foreign tech companies, including Google, SpaceX, OneWeb and Telesat, have already launched plans to use satellites to provide free internet access. Last month, a Chinese internet technology firm unveiled the first satellite in a constellation plan comprising of 272 satellites to provide free WiFi service worldwide.

DEFENCE

Successful Flight Test of Agni – IV:

Agni-IV, the Long Range Surface to Surface Ballistic Missile with a range of 4,000 kms was successfully flight tested recently. The missile is developed by the Defence Research and Development Organisation under the Integrated Guided Missile Development Program.

- Agni IV is nuclear capable, with a payload capacity of one tonne of high-explosive warhead.
- The sophisticated surface-to-surface missile is equipped with modern and compact avionics to provide high level of reliability.
- The most accurate Ring Laser Gyro based Inertial Navigation System (RINS) and supported by highly reliable redundant Micro Navigation System (MINGS), ensures the vehicle reaches the target within two digit accuracy.