UPSC Daily Current Affairs | Prelim Bits 13-05-2021

Sovereign Gold Bond Scheme

- The Government of India, in consultation with the Reserve Bank of India (RBI), has decided to issue Sovereign Gold Bonds in six tranches from May 2021 to September 2021.
- The Sovereign Gold Bond Scheme was launched in 2015. Its objective is to shift a part of the domestic savings (used for the purchase of gold) into financial savings in order to reduce the demand for physical gold.
- These gold-denominated government securities will be issued by the RBI on behalf of the Government through,
    1. Scheduled Commercial banks (except Small Finance Banks and Payment Banks),
    2. Stock Holding Corporation of India Limited (SHCIL),
    3. Designated post offices, and
    4. Recognised stock exchanges viz., National Stock Exchange of India Limited and Bombay Stock Exchange Limited.

- The Bonds will be issued as Government of India Stock under GS Act, 2006. The investors will be issued a Holding Certificate for the same.
- **Eligibility** - The Bonds will be restricted for sale to resident individuals, HUFs, Trusts, Universities and Charitable Institutions.
- **Tenor** - The tenor of the Bond will be for a period of 8 years with exit option after 5th year to be exercised on the next interest payment dates.
- **Size** - Minimum permissible investment will be 1 g of gold. Maximum limit shall be 4Kg (individual), 4Kg (HUF) and 20Kg (trusts and similar entities) per fiscal notified by the Government from time to time.
- Price of Bond and the redemption price will be fixed in Indian Rupees on the basis of simple average of closing price of gold of 999 purity for previous 3 working days published by IBJA Ltd.
- The investors will be compensated at a fixed rate of 2.50% per annum payable semi-annually on the nominal value.
- **Taxation** - The interest on Gold Bonds shall be taxable as per the provision of Income Tax Act, 1961.

- **Uses** - The Bond is tax efficient as no capital gains is charged in case of redemption on maturity.
- Bonds can be used as collateral for loans. Loan-to-value ratio is equal to ordinary gold loan mandated by the RBI from time to time.
- Bonds are eligible for conversion into demat form. They will be tradable on stock exchanges within a fortnight of the issuance by the RBI.

National Programme on Advanced Chemistry Cell Battery Storage

- The Cabinet has approved the Production Linked Incentive (PLI) Scheme 'National Programme on Advanced Chemistry Cell (ACC) Battery Storage’.
- [ACCs are the new generation of advanced storage technologies that can store electric energy either as electrochemical or as chemical energy and convert it back to electric energy as and when required.]
- The National Programme on ACC Battery Storage aims for achieving manufacturing capacity of 50 Giga Watt Hour (GWh) of ACC and 5 GWh of "Niche" ACC - To reduce India’s dependence on import for ACC.
- ACC battery Storage manufacturers will be selected through a transparent competitive bidding process. They must commission a manufacturing facility within a period of two years.
- The incentive amount will be disbursed thereafter over a period of five years. It will increase with increased specific energy density & cycles and increased local value addition.
- Each selected manufacturer would have to set-up an ACC manufacturing facility of minimum 5 GWh capacity and ensure a minimum 60% domestic value addition at the Project level within 5 years.
- The beneficiary firms have to achieve a domestic value addition of atleast 25% and incur the mandatory investment Rs.225 crore /GWh within 2 Years (at the Mother Unit Level).
- They have to raise it to 60% domestic value addition within 5 Years, either at Mother Unit, in-case of an Integrated Unit, or at the Project Level, in-case of "Hub & Spoke" structure.

Vaccine GST Exemption

- Several states are demanding for removing taxation on Covid-related medicines and supplies, including a GST exemption on vaccines.
- Finance Minister responded that exemptions on domestic supplies and commercial imports would make them costlier for consumers.
- A 5% GST is levied on domestic supplies and commercial imports of vaccines; Covid drugs and oxygen concentrators attract 12%.
- This tax rate ensures that the manufacturer is able to utilise ITC and in case of overflow of Input Tax Credit (ITC), claim refund. This ensures that the

taxes are not passed on to the end consumer by price rise.
- Categorising domestic supplies as zero-rated might be a better option than granting a full exemption, as it will pave the way for availing ITC.

- **IGST Sharing** - If Rs 100 IGST is collected on an item, the states and Centre get 50% each as SGST and CGST respectively.
- Also, 41% of CGST revenue is transferred to states as devolution. So out of a collection of Rs 100, as much as Rs 70.50 is the share of the states.
- This is the case with the GST revenues collected from sale of vaccines.
- These items are already exempt from Customs duty and health cess.

Zero-rated Supplies

- Under Section 2(47) of the CGST Act, 2017, a supply is exempt when it attracts a nil rate or is specifically exempted, but that is not equivalent to being zero-rated.
- Inputs and input services that would have gone into the making of the good or provision of service would have already faced a tax levy, and only the final product is exempted.
- GST-related laws do not allow availing of credit on inputs and input services used for supply of the exempted output. This becomes a cost for the supplier, and is usually passed on to the consumer.
- Zero-rating makes the entire value chain of the supply exempt from tax.
- It exempts the output from tax and there is no bar on availing credit of taxes paid on the input side for providing the output supply.
- As per GST-related laws, zero-rating is applicable for exports and exports and supplies to Special Economic Zones (SEZs). Addition of any other category would require a legal amendment.

Ivermectin

- The World Health Organisation has recommended against the use of ‘Ivermectin’ drug for COVID-19 except within clinical trials.
- [Ivermectin is used for the treatment and eradication of two life-threatening illnesses - Onchocerciasis and filariasis.]
- Orally-administered Ivermectin is still listed in India’s revised national COVID-19 treatment protocol as a possible treatment option for mild COVID-19 patients under home isolation.
- **The Claim** - Indian physicians who continue to use this drug state that it is an approved anti-parasitic agent.
- They say that it has shown, in laboratory settings, to inhibit SARSCOV2 replication. They say that it is effective in reducing the multiplication of certain RNA viruses such as SARS and COVID RNA.

- As it binds to the spike protein site of the RNA virus and reduces the multiplication and attachment of the virus to the ACE receptor in the nose, Ivermectin prevents attachment of virus to the nasal epithelium.

‘Contradiction’ in India’s push for IPR Waiver on vaccines

- India and South Africa had initiated a proposal for the temporary waiver of the World Trade Organisation’s (WTO’s) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).
- This proposal aims to facilitate fair, affordable and universal access of COVID vaccines and medicines, especially for developing countries.
- To know more about the waiver proposal, click here.
- But, there is a “contradiction” in India’s global push as the government has said in the Supreme Court that bringing COVID-19 vaccines under a statutory regime will be “counter-productive” at this stage.
- The Centre has said, “Any exercise of statutory powers either under the Patents Act, 1970 read with TRIPS Agreement and Doha Declaration or in any other way can only prove to be counter-productive at this stage”.
- The government assures that it is very actively engaging itself with global organisations at a diplomatic level to find out a solution in the best possible interest of India.

Patents Act, 1970

- The Patents Act, 1970 is the legislation that till date governs patents in India. It first came into force in 1972.
- This act is implemented by the Office of the Controller General of Patents, Designs and Trade Marks (CGPDTM).
- The Controller General supervises the Act’s administration and also offers advice to the government on related matters.
- The Patents Act has been amended in 1999, 2002, 2005, 2006 to make the Act TRIPS compliant.
- The major amendment in the Patent Act was in 2005, when product patents were extended to all fields of technology like food, drugs, chemicals and microorganisms.

TIFR’s Carbon dioxide Conversion Process

- The Tata Institute of Fundamental Research (TIFR) scientists have found the cheapest carbon dioxide conversion process.
- This **magnesium-assisted** process mixes carbon dioxide, water and magnesium, at room temperature and pressure to get methane, methanol, formic acid and some hydrogen.

- Magnesium carbonate is the by product. It is used in the production of green cement and in the pharma industry.
- With this process, one can make methane on Mars. Methane is a rocket fuel. This is because,
    1. Mars’s atmosphere is almost entirely comprised of carbon dioxide.
    2. Mars has water in the form of ice.
    3. Its soil contains an abundance of magnesium.

Source: PIB, The Hindu, The Indian Express, Business Line