

GOVERNANCE**Scheme for Industrial Development of Jammu and Kashmir**

Recently, the Cabinet Committee on Economic Affairs has approved the proposal of Department for Promotion of Industry and Internal Trade (DPIIT) for Central Sector Scheme for Industrial Development of Jammu and Kashmir (J&K).

DPIIT comes under the Ministry of Commerce and Industry.

Central Sector Schemes

- These schemes are 100% funded by the Central government.
- Implemented by the Central Government machinery.
- Formulated on subjects mainly from the Union List.

Key Points**Aim:**

- To take industrial development to the block level in Union Territory (UT) of J and K, which is the first time in any Industrial Incentive Scheme of the Government of India and attempts for a more sustained and balanced industrial growth in the entire UT.

Beneficiaries:

- Scheme is made attractive for both smaller and larger industrial units.

Expenditure:

- The financial outlay is Rs. 28,400 crore for the scheme period 2020-21 to 2036-37 (17 years).

Role of J&K in Implementation:

- Scheme envisages a greater role of the UT of J&K in registration and implementation of the scheme while having proper checks and balances by having an independent audit agency before the claims are approved.

Incentives Under the Scheme:**Capital Investment Incentive:**

- It provides an incentive at the rate of 30% in Zone-A and 50% in Zone-B on investment made in plant and machinery (in manufacturing), or construction of building and other durable physical assets (in service sector).
- Zone-B includes far-off areas and will receive higher incentives so as to ensure equal opportunities of growth in far-flung areas and major towns.

Zone-A includes areas other than Zone-B.

- A capital investment is a sum of money that goes towards furthering the objectives of a business or towards purchasing long-term assets for the business.

Capital Interest subvention:

- It provides for 6% capital interest subvention for a maximum of seven years on loans up to Rs. 500 crore for investment in plant and machinery (in manufacturing), or construction in building and all other durable physical assets (in service sector) for 10 years.
- Capitalized interest is the cost of borrowing to acquire or construct a long-term asset.

GST Linked Incentive:

- It is based on Gross Goods and Services Tax (GST).
- This will incentivise output up to 300% of the eligible value of actual investment made in the plant and machinery (in manufacturing), or construction in building and all other durable physical assets (in service sector).

Working Capital Interest Incentive:

- This will provide all existing units incentive at the annual rate of 5% for maximum 5 years. Maximum limit of incentive is Rs. 1 crore.
- Working capital, also known as net working capital (NWC), is the difference between a company's current assets, such as cash, accounts receivable (customers' unpaid bills) and inventories of raw materials and finished goods, and its current liabilities, such as accounts payable.

Significance:

- The scheme will encourage new investment, substantial expansion and also nurture the existing industries in the Union Territory.
- It will also provide employment to 4.5 lakh people besides leading to equitable, balanced and sustainable socio-economic development of the region.

Other Initiatives:

Earlier Ayushman Bharat Pradhan Mantri Jan Arogya Yojana (AB-PMJAY) Social Endeavour for Health and Telemedicine (SEHAT) scheme was launched to extend health insurance coverage to all residents of J&K. The Union Cabinet has also approved a special package worth Rs. 520 crore in the Union Territories (UTs) of J&K and Ladakh for a period of five years under the Deendayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM).

In August 2019, the Central government had suspended all modes of communications in the wake of revocation of Jammu and Kashmir's special status, granted under Article 370. Eventually, services were partially restored, with internet speed restricted to 2G.

INTERNATIONAL RELATIONS

Indian Digital Tax Discriminatory: USTR

Recently, the Office of the United States Trade Representative (USTR) has said that the Digital services taxes adopted by India, Italy and Turkey discriminate against US companies and are inconsistent with international tax principles.

Key Points

The Office of the United States Trade Representative (USTR):

- It is responsible for developing and coordinating US international trade.
- Section 301 (US Trade Act) gives the USTR broad authority to investigate and respond to a foreign country's action which may be unfair or discriminatory as well as negatively affect US commerce.
- Adopted through the 1974 Trade act, the Section allows the US President to impose tariffs or other curbs on foreign nations.

However, the law mandates consultations with trading partners.

Digital Services Taxes (DSTs):

- These are the adopted taxes on revenues that certain companies generate from providing certain digital services. E.g. digital multinationals like Google, Amazon and Apple etc.
- The Organisation for Economic Cooperation and Development (OECD) is currently hosting negotiations with over 130 countries that aim to adapt the international tax system. One goal is to address the tax challenges of the digitalization of the economy.
- Some experts argue that a tax policy designed to target a single sector or activity is likely to be unfair and have complex consequences.
- Further, the digital economy cannot be easily separated out from the rest of the global economy.

India's Tax on Digital Companies:

- The government had moved an amendment in the Finance Bill 2020-21 imposing a 2% digital service tax (DST) on trade and services by non-resident e-commerce operators with a turnover of over Rs. 2 crore.
- This effectively expanded the scope of equalisation levy that, till last year, only applied to digital advertising services.
- Earlier, the equalisation levy (at 6%) was introduced in 2016 and imposed on the revenues generated on business-to-business digital advertisements and allied services of the resident service provider.
- The new levy came into effect from 1st April 2020. E-commerce operators are obligated to pay the tax at the end of each quarter.

USTR's Investigation Report:

- The DST in India is discriminatory because it exempts Indian companies and targets non-Indian firms.
- This hits US firms which dominate the technology industry.
- 119 companies that it identified as likely liable under the digital services tax, 86, or 72%, were American.
- USTR estimates that the aggregate tax bill for US companies could exceed USD 30 million per year.
- The USTR has determined that India's DST is unreasonable or discriminatory and burdens or restricts US commerce and thus is actionable under Section 301 (US Trade Act).

India's Stand:

- India has described the equalization levy as a fair, reasonable and non-discriminatory tax aimed at all offshore digital economy firms accessing the local market and has denied it targets US companies.
- It seeks to ensure a level-playing field with respect to e-commerce activities undertaken by entities resident in India as well as those not residents in India or without permanent establishment in India.

- The government of India will examine the determination/decision notified by the US in this regard, and would take appropriate action keeping in view the overall interest of the nation.
- There was no retroactive element or extra-territorial application involved in the levy which applied only on the revenue generated from India.
- It is a recognition of the principle that in a digital world, a seller can engage in business transactions without any physical presence, and governments have a legitimate right to tax such transactions.

Concerns:

- In the backdrop of an improper functioning of the World Trade Organization (WTO), the move could signal the start of more unilateral action by the US especially on the digital services front.
- In India's case, the probe could potentially affect the outcome of a bilateral trade deal that India has been looking to forge with the US.

Way Forward

As India is racing towards becoming a digital giant, the 2% DST should be negotiated to avoid any hurdles in its implementation. Further, there needs to be international consensus on taxation on a digital economy.

INDIAN ECONOMY**Spectrum Auctions**

Bidding for the sixth round of spectrum auction for radio waves worth Rs. 3.92 lakh crore will start from 1st March 2020.

The long-awaited spectrum auction is being held after a gap of four years and over two years after the Telecom Regulatory Authority of India (TRAI) calculated and recommended base/reserve price for the radio waves.

Key Points**About the Spectrum Auctions:**

- Devices such as cellphones and wireline telephones require signals to connect from one end to another. These signals are carried on airwaves (medium of radio waves), which must be sent at designated frequencies to avoid any kind of interference.
- Interference may prevent reception altogether, may cause only a temporary loss of a signal, or may affect the quality of the sound or picture produced by one's equipment.
- The Union government owns all the publicly available assets within the geographical boundaries of the country, which also include airwaves.
- With the expansion in the number of cellphone, wireline telephone and internet users, the need to provide more space for the signals arises from time to time.
- To sell these assets to companies willing to set up the required infrastructure to transport these waves from one end to another, the central government through the Department of Telecom (Ministry of Communications) auctions these airwaves from time to time.
- These airwaves are called spectrum, which is subdivided into bands which have varying frequencies.
- All these airwaves are sold for a certain period of time, after which their validity lapses, which is generally set at 20 years.

About the Latest Auction:

- The last spectrum auctions were held in 2016. The need for a new spectrum auction has arisen because the validity of the airwaves bought by companies is set to expire in 2021.
- In December 2020, the Union Cabinet cleared the sale of 2251.25 MHz of spectrum (for 4G) across seven frequency bands at a reserve price of Rs. 3.92 lakh crore.
- This is likely to provide a boost to government revenue collections at a time when its inflows from other sources such as direct taxes, indirect taxes such as goods and services tax, have fallen sharply on account of restrictions to prevent the spread of Covid-19.
- However, the government has skipped the sale of the much-coveted 5G airwaves in this round, auctions for which could though be announced soon.
- Airwaves in the 3500 MHz band are considered ideal for the first wave of the 5G.
- Depending on the demand from various companies, the price of the airwaves may go higher, but cannot go below the reserve price.
- A reserve price is a minimum price that a seller would be willing to accept from a buyer. If the reserve price is not met, the seller is not required to sell the item, even to the highest bidder.

- The reserve price is recommended by Telecom Regulatory Authority of India.
- The successful bidders will have to pay 3% of Adjusted Gross Revenue (AGR) as spectrum usage charges.
- AGR is divided into spectrum usage charges and licensing fees that are fixed between 3-5% and 8% respectively.
- It is the usage and licensing fee that telecom operators are charged by the Department of Telecommunications (DoT).

Potential Buyers:

Apart from existing telecom players, new companies, including foreign companies, are eligible to bid for the airwaves.

Foreign companies, however, will have to either set up a branch in India and register as an Indian company, or tie up with an Indian company to be able to retain the airwaves after winning them.

BIODIVERSITY & ENVIRONMENT**Advisory for Management of Human-Wildlife Conflict**

Recently, the Standing Committee of National Board of Wildlife (SC-NBWL) in its 60th meeting has approved the advisory for management of Human-Wildlife Conflict (HWC) in the country.

In the meeting approval was given for including Caracal, a medium sized wildcat into the list of critically endangered species for taking up conservation efforts with financial support under centrally sponsored scheme Integrated Development of Wildlife Habitat.

Key Points**The Advisory:**

- Empower Gram Panchayats: The advisory envisages empowering gram panchayats in dealing with the problematic wild animals as per the WildLife (Protection) Act, 1972.
- Provide Insurance: Utilising add-on coverage under the Pradhan Mantri Fasal Bima Yojna for crop compensation against crop damage due to HWC.
- Augmenting Fodder: It also envisages augmenting fodder and water sources within the forest areas.
- Take Proactive Measures: The advisory prescribes inter-departmental committees at local/state level, adoption of early warning systems, creation of barriers, dedicated circle wise Control Rooms with toll free hotline numbers which could be operated on 24X7 basis, Identification of hotspots and formulation and implementation of special plans for improved stall-fed farm animal etc.
- Provide Instant Relief: Payment of a portion of ex-gratia as interim relief within 24 hours of the incident to the victim/family.

Caracal Cat

About:

- The caracal wild cat (*Caracal caracal*) is a rare species in India. They are slender, medium-sized cats with long powerful legs and tufted ears.
- The black tufted ears of this cat are one of its most distinguishing features.
- It is shy, nocturnal, elusive and difficult to spot in the wild.
- Habitat: In India, presence of these Cats has been reported from only three states which are Madhya Pradesh, Gujarat and Rajasthan.
- In Madhya Pradesh it is locally called as Shea-gosh or siyah-gush.
- In Gujarat, Caracals are locally referred to as Hornotro which means killer of a Blackbuck.
- In Rajasthan it is known as Junglee Bilao or Wildcat.
- Threats: Caracals are mostly killed for livestock predation however in some areas of the world it is hunted for its meat and flesh.

Conservation Status:**IUCN Red List:** Least Concern**Wildlife Protection Act, 1972:** Schedule I**CITES:** Appendix I

Human-Wildlife/Animal Conflict

About:

- It refers to the interaction between wild animals and humans which results in a negative impact on people, animals, resources, and habitats.

Causes:**Urbanization:** In modern times rapid urbanization and industrialisation have led to the diversion of forest land to non-forest purposes, as a result, the wildlife habitat is shrinking.**Transport Network:** The expansion of road and rail network through forest ranges has resulted in animals getting killed or injured in accidents on roads or railway tracks.**Population:** The increasing population has also led to many human settlements coming up near the peripheries of protected areas and encroachment in the forest lands by local people for cultivation and collection of food and fodder etc. therefore increasing pressure on limited natural resources in the forests.**Recent Initiatives/Developments:**

Recently, the Supreme Court (SC) affirmed the right of passage of the Elephants and the closure of resorts in the Nilgiris elephant corridor. It held that it was the State's duty to protect a "keystone species" like elephants.

The Odisha Government has started casting seed balls (or bombs) inside different reserve forest areas to enrich food stock for wild elephants.

The Uttarakhand government carried out bio-fencing by growing various species of plants in the areas in order to reduce the man-animal conflict, prevent wild animals from entering residential areas, and protect agricultural crops and livestock in areas adjoining the forests.

In 2018, the Uttar Pradesh government has given its in-principle approval to bring man-animal conflict under listed disasters in the State Disaster Response Fund to ensure better coordination and relief during such incidents.

In the Western Ghats of India, a new conservation initiative has utilized texting as an early warning system to prevent human-elephant encounters. Elephant tracking collars embedded with SMS chips automatically text nearby residents, warning them of recent elephant movements.

IMPORTANT FACTS FOR PRELIM**World Food Price Index: FAO**

The Food and Agriculture Organization's (FAO) food price index averaged 107.5 points in December 2020, up 2.3 points from November 2020.

This marks the seventh month of consecutive increase.

Key Points**About the Index:**

- It was introduced in 1996 as a public good to help in monitoring developments in the global agricultural commodity markets.
- The FAO Food Price Index (FFPI) is a measure of the monthly change in international prices of a basket of food commodities.
- It measures changes for a basket of cereals, oilseeds, dairy products, meat and sugar.

- Base Period: 2014-16.

About the Food and Agriculture Organization:

- FAO is a specialized agency of the United Nations that leads international efforts to defeat hunger.
- World Food Day is celebrated every year around the world on 16th October. The day is celebrated to mark the anniversary of the founding of the FAO in 1945.
- India released a commemorative coin of Rs. 75 denomination to mark the 75th Anniversary of the FAO (16th October 2020).
- It is one of the UN food aid organisations based in Rome (Italy). Its sister bodies are the World Food Programme and the International Fund for Agricultural Development (IFAD).

Initiatives Taken:

- Globally Important Agricultural Heritage Systems (GIAHS).
- Monitors the Desert Locust situation throughout the world.
- The Codex Alimentarius Commission or CAC is the body responsible for all matters regarding the implementation of the Joint FAO/WHO Food Standards Programme.
- The International Treaty on Plant Genetic Resources for Food and Agriculture was adopted by the Thirty-First Session of the Conference of the Food and Agriculture Organization in 2001.

Flagship Publications:

- The State of World Fisheries and Aquaculture (SOFIA).
- The State of the World's Forests (SOFO).
- The State of Food Security and Nutrition in the World (SOFI).
- The State of Food and Agriculture (SOFA).
- The State of Agricultural Commodity Markets (SOCO).

DAILY ANSWER WRITING PRACTICE

Qns. Without a focus on habitat conservation, success of project Tiger may lead to human-animal conflict. Discuss. (250 words)

Ans:

According to the 4th Tiger Census, there are approximately 2,967 tigers in India. Tigers count in India has increased from 1,411 in 2006 to 1,706 in 2010 and to 2,226 in 2014, marking the success of Project Tiger. Through this, India has achieved the goal of doubling the number of tigers as highlighted by the St Petersburg declaration 2010.

- However, according to the National Tiger Conservation Authority (NTCA), India can have a maximum of 3,000 tigers with respect to the available area of tiger reserves. As the current tiger population is reaching a maximum level of carrying capacity of the ecosystem, this could result in increased human-animal conflict.
- Increased Tiger population has resulted in Human-Animal Conflict, as the human population expands and natural habitats shrink, people and animals are increasingly coming into conflict over living space and food.
- This conflict has become the main threat to the survival of many species as well as local human populations in different parts of the world.
- According to data from the Union environment ministry, more than 1,608 humans were killed in conflict cases involving tigers, leopards, bears and elephants between 2013 and 2017.

Reasons for Human-Animal Conflict:

Habitat Loss: Only 5% of India's geographical area is in the protected area category. This space is not enough to have a full-fledged habitat for wild animals.

- A territorial animal like a male tiger needs an area of 60-100 sq km. But the area allocated to an entire tiger reserve, like the Bor Tiger Reserve in Maharashtra, is around 140 sq km.
- The territorial animals do not have enough space within reserves and their prey does not have enough fodder to thrive on.
- This has forced the wild animals to move out and venture close to human habitation in search of food, resulting in human-animal conflict.
- Increasing Infrastructure Development: Recent relaxations in norms to allow for a widening of highway and railway networks near these protected areas are the new threats, adding to the old ones of retaliatory poisoning and poaching.
- Apart from highways, railway and irrigation projects are coming up in tiger reserves. For example- the Ken-Betwa river interlinking project will submerge 100 sq. km of Panna Tiger Reserve.

- Also, wildlife experts estimate that 29% of the tigers in India are outside the protected areas.

Effects:

- Man animal conflict leads to crop damage, animal deaths, loss of human life, injuries to people, injuries to wildlife, livestock depredation, and low compensation for such incidents further leads to degraded living standards of the affected population.
- The outcome of this conflict is very severe and it not only results in the loss of crops to farmers but also in the decline of wildlife populations.

Way Forward

- According to the Wildlife experts, if wildlife protection is confined to reserves and parks alone, several species will stand at the brink of extinction.
- For example, the Great Indian Bustard, which is a Schedule-I animal. Despite having sanctuaries to itself, the bird has been driven to the brink of extinction.
- Co-occurrence approach: Building community participation in conservation is a better idea than just having protected areas.
- Events of Human-Animal conflict can be reduced by integrating early warning systems with simpler damage-prevention practices (such as improving fencing of crops or better livestock husbandry).
- Hunting of prey animals, such as deer and pig, needs to stop as they form the base for the growth of tiger and other carnivore populations.
- Efforts can be taken to better wildlife management practices and understanding of animal behaviour. So that people don't kill an animal out of panic.
- Crop insurance should be provided in the event of destruction by wild animals.
- Safeguarding Tiger corridors, building eco-bridges and such conservation measures can be part of corporate social responsibility.

Conclusion

The tiger population seems to be growing in various states which is a positive sign but as the country celebrates its conservation success, policymakers and scientists will have to put their heads together to devise more creative solutions and find homes for the increasing number of tigers, because without the focus on habitat conservation, the human-animal conflict is bound to rise.

DAILY QUIZ

1. Consider the following statements about Basavakalyan:

1. He was a 12th century philosopher also known to be the founder of Lingayatism.
2. The Anubhav Mantapa established by Basavakalyan was the school for Lingayats.
3. Kayak and Dasoha were the socio-economic principles given by Basavakalyan.

Which of the statements given above are correct?

- a) 1 and 2 only
- b) 2 and 3 only
- c) **1 and 3 only**
- d) 1, 2 and 3

2. With reference to Payment Infrastructure Development Fund (PIDF) scheme, consider the following statements:

1. The fund under this scheme will be used to subsidize banks as well as non-banks for deploying payment infrastructure.
2. The implementation of its targets shall be monitored by the RBI.

Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only
- c) **Both 1 and 2**
- d) Neither 1 nor 2

3. With reference to the Sulfur Dioxide (SO₂), consider the following statements:

1. The largest source of SO₂ emission in the atmosphere is the volcanic eruptions.
2. It reacts with other compounds in the atmosphere that contribute to particulate matter (PM) pollution.

Which of the statements given above is/are correct?

- a) 1 only
- b) **2 only**

- c) Both 1 and 2
- d) Neither 1 nor 2

4. Consider the following statements:

- 1. It is a key country in China's string of pearl's strategy.
- 2. India conducts joint exercise Mitra Shakti with this country.
- 3. It is a member of BIMSTEC and SAARC.

The above statements most appropriately describing which of the following countries?

- a) **SriLanka**
- b) Thailand
- c) Nepal
- d) Bangladesh

5. With reference to Rastriya Kamdhenu Aayog, consider the following statements:

- 1. It has been constituted to organize animal husbandry on modern and scientific lines.
- 2. Its functions are an integral part of Rashtriya Gokul Mission.

Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only
- c) **Both 1 and 2**
- d) Neither 1 nor 2



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