



Daily Current Affairs

Posted at: 07/02/2019

International Financial Services Centres Authority Bill, 2019

Why in news?

The Union Cabinet chaired by the Prime Minister has approved establishment of a unified authority for regulating all financial services in International Financial Services Centres (IFSCs) in India through International Financial Services Centres Authority Bill, 2019.

About International Financial Service Centre (IFSC):

- An international financial services centre caters to customers outside the jurisdiction of domestic economy, dealing with flows of finance, financial products and services across borders.
- Financial centres that cater to customers outside their own jurisdiction are referred to as international (IFCs) or offshore Financial Centers (OFCs). All these centres are 'international' in the sense that they deal with the flow of finance and financial products/services across borders.
- An IFSC is thus a jurisdiction that provides world class financial services to non-residents and residents, to the extent permissible under the current regulations, in a currency other than the domestic currency (Indian rupee) of the location where the IFSC is located.
- Gujarat International Finance Tec-City (GIFT City) multi services special economic zone (SEZ) has set up the **first International Financial Service Centre in India (IFSC) in accordance with the SEZ Act 2005 (SEZ Act)**, SEZ Rules 2006 and the regulations made thereunder.

- The IFSC in GIFT City (IFSC-GIFT) is being developed as a global financial and information technology services hub designed to be at or above par with globally benchmarked financial centres such as London, Hong Kong, Singapore, and Dubai.

Why an IFSC in India?

- An IFSC seeks to bring to India, those types of financial services and transactions that are currently carried on outside India by overseas financial institutions and overseas branches/ subsidiaries of Indian financial institutions.
- Setting up an IFSC was the subject matter of the 2007 report of The High Powered Expert Committee (HPEC) on Making Mumbai an International Financial Centre (MIFC report). Various aspects of IFSCs are analyzed in this report.
- The policy objective behind establishing an IFSC in India is providing a platform for international financial services to operate from and to specialize in exports of high value-added International Financial Services.

Legal provisions for IFSC in India

- Section 18 and Section 55 of India's Special Economic Zone Act, 2005 provides for the establishment of an International Financial Services Centre in India within an SEZ in India and enables the Central Government to regulate IFSC activities.
- GIFT SEZ Limited has been notified by Ministry of Commerce and Industry (MoCI), Government of India on 18 August 2011 for setting up a sector specific SEZ for multi services at Gandhinagar, Gujarat.
- IFSC has been designated for all practical purposes as a 'deemed foreign territory' which would have the same ecosystem as other offshore locations, but which is physically on Indian soil.

Any financial institution (or its branch) set up in the IFSC is

- treated as a non-resident Indian located outside India,

- expected to conduct business in such foreign currency and with such entities, whether resident or non-resident, as the Regulatory Authority may determine, and
- Nothing contained in any other regulations shall apply to a unit located in IFSC, subject to certain provisions.

What are the services an IFSC can provide?

- Fund-raising services for individuals, corporations and governments
- Asset management and global portfolio diversification undertaken by pension funds, insurance companies and mutual funds
- Wealth management
- Global tax management and cross-border tax liability optimization, which provides a business opportunity for financial intermediaries, accountants and law firms.
- Global and regional corporate treasury management operations that involve fund-raising, liquidity investment and management and asset-liability matching
- Risk management operations such as insurance and reinsurance
- Merger and acquisition activities among trans-national corporations.

Why new bill?

- Currently, the banking, capital markets and insurance sectors in IFSC are regulated by multiple regulators, i.e. RBI, SEBI and IRDAI.
- The dynamic nature of business in the IFSCs necessitates a high degree of inter-regulatory coordination. It also requires regular clarifications and frequent amendments in the existing regulations governing financial activities in IFSCs.
- The development of financial services and products in IFSCs would require focussed and dedicated regulatory interventions. Hence, a need is felt for having a unified financial regulator for IFSCs in India to provide world class regulatory environment to financial market participants.
- Further, this would also be essential from an ease of doing business perspective. The unified authority would also provide the much needed impetus to further development of IFSC in India in-sync with

the global best practices.

Main features of the International Financial Services Centres Authority Bill, 2019:

1. Management of the Authority: The Authority shall consist of a Chairperson, one Member each to be nominated by the Reserve Bank of India (RBI), the Securities Exchange Board of India (SEBI), the Insurance Regulatory and Development Authority of India (IRDAI) and the Pension Fund Regulatory and Development Authority (PFRDA), two members to be nominated by the Central Government and two other whole-time or full-time or part-time members.

2. Functions of the Authority:

- The Authority shall regulate all such financial services, financial products and FIs in an IFSC which has already been permitted by the Financial Sector Regulators for IFSCs.
- The Authority shall also regulate such other financial products, financial services or FIs as may be notified by the Central Government from time to time.
- It may also recommend to the Central Government such other financial products, financial services and financial institutions which may be permitted in the IFSCs.

3. Powers of the Authority: All powers exercisable by the respective financial sector regulatory (viz. RBI, SEBI, IRDAI, and PFRDA etc.) under the respective Acts shall be solely exercised by the Authority in the IFSCs in so far as the regulation of financial products, financial services and FIs that are permitted in the IFSC are concerned.

4. Processes and procedures of the Authority: The processes and procedures to be followed by the Authority shall be governed in accordance with the provisions of the respective Acts of Parliament of India applicable to such financial products, services or institutions, as the case may be.

5. Grants by the Central Govt.: The Central Govt. may, after due appropriation made by Parliament by law in this behalf, make to the Authority grants of such sums of money as the Central Government may

think fit for being utilized for the purposes of the Authority.

6. Transactions in foreign currency:

- The transactions of financial services in the IFSCs shall be done in the foreign currency as specified by the Authority in consultation with the Central Govt.
 - The establishment of a unified financial regulator for IFSCs will result in providing world-class regulatory environment to market participants from an ease of doing business perspective.
 - This will provide a stimulus for further development of IFSCs in India and enable bringing back of financial services and transactions that are currently carried out in offshore financial centres to India.
 - This would also generate significant employment in the IFSCs in particular as well as financial sector in India as a whole.
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Sangeet Natak Akademi Awards

Why in news?

Recently The President of India presented the Sangeet Natak Akademi Awards for the year 2017 at a function held at Rashtrapati Bhavan.

About Sangeet Natak Akademi:

- Sangeet Natak Akademi (The National Academy for Music, Dance and Drama in English) is the national level academy for performing arts set up by the Government of India.
- It was set up by the Indian education ministry on 31 May 1952 and became functional the following year, with the appointment of its first chairman, Dr. P. V. Rajamannar. Dr Rajendra Prasad, the first President of India, inaugurated it on 28 January 1953 in a special function held in the Parliament House. The academy's Fellowship and Award are considered very prestigious.

Functions:

- The academy functions as the apex body of the performing arts in the country to preserve and promote the vast cultural heritage of India expressed in music, dance and drama.
- It also works with governments and art academies in states and territories of the country.

SNA established several institutions over the years:

- Manipur Dance Academy, Imphal
- Sattriya Centre
- Kathak Kendra (National Institute of Kathak Dance), New Delhi in 1964
- Ravindra Rangshala

Centers:

- Centre for Kutiyattam, Thiruvananthapuram, a national projects in the support of Kuttilyattam (the age-old Sanskrit theatre of Kerala)
- Chhau Centre, Baripada/ Jamshedpur
- Northeast Centre

In addition, the Akademi

- Subsidizes the work of institutions engaged in teaching, performing or promoting music, dance, or theatre.
- Gives grants to aid research, documentation and publishing in the performing arts.
- Organises and subsidises seminars and conferences of subject specialists.
- Documents and records the performing arts for its audio-visual archive.
- Renders advice and assistance to the government of India in the task of formulating and implementing policies and programmes in the field.
- Carries a part of the responsibilities of the state for fostering cultural

contacts between regions in the country, as well as between India and the world.

- Organises its annual festival of music, dance and theatre in NCT Delhi.
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MoU between India and Malaysia for Mutual Cooperation in the field of Company Secretaryship

Why in news?

The Union Cabinet chaired by Prime Minister Narendra Modi has approved the signing of a Memorandum of Understanding between India and Malaysia for Mutual Cooperation to raise the status and prestige of the Practicing Company Secretary in both countries, and to facilitate the movement of the Company Secretaries across borders in the Asia-Pacific Region.

Highlights:

Approval of the Cabinet is in respect of Memorandum of Understanding (MoU) between the "Institute of Company Secretaries of India (ICSI)" and "Malaysian Association of Company Secretaries (MACS)" to strengthen cooperation and to raise the status and prestige of the Practicing Company Secretary in both jurisdictions and to facilitate the movement of the company secretaries across borders in the Asia Pacific region.

Background:

- Institute of Company Secretaries of India (ICSI)" is a statutory body established an Act of Parliament of India, i.e The Company Secretaries Act, 1980 (Act No. 56 of 1980), to develop and regulate the profession of Company Secretaries in India.
- Malaysian Association of Company Secretaries (MACS)" is a

Malaysian professional body of Company Secretaries whose core objective is to improve and advance the professional competence and status of Practicing Company Secretaries in Malaysia.

MoU between India and Norway on India-Norway

Why in news?

The Union Cabinet chaired by Prime Minister has approved the Memorandum of Understanding (MoU) between India and Norway on India-Norway Ocean Dialogue.

Benefits:

- The MoU will promote cooperation in the areas of mutual interest pertaining to the development of blue economy. Norway is a global leader in the area of Blue Economy and has cutting-edge technologies and expertise in areas such as fisheries, hydrocarbons, renewable energy, sustainable harnessing of ocean resources and maritime transport.
 - The proposed MoU will contribute to create opportunities for collaboration in areas such as exploitation of hydrocarbons and other marine resources, as well as management of ports and tourism development for the mutual benefit of all stakeholders within the framework of the Joint Task Force (JTF).
 - It will contribute to the objective of Food Security through infusion of new technologies in fisheries and aquaculture.
 - It will further offer a platform for businesses in both countries to execute profitable ventures.
 - Scientists and researchers may collaborate on studying ocean ecosystem also in the context of the Arctic region.
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MoU between India and Finland in the field of Biotechnology

Why in news?

The Union Cabinet chaired by Prime Minister has approved the MoU between India and Finland for collaborating based on mutual interest in the field of Biotechnology, for funding and implementing ambitious industry-led innovative and transnational projects within the broad scope of research development and innovation.

Background:

The MoU was signed in accordance with the Agreement between the Government of the Republic of Finland and the Government of the Republic of India on Co-operation in the fields of Science and Technology, signed in Helsinki on March 25th 2008, wherein, based on mutual interest it was agreed to promote long-term research and development and innovation (R&D&I) cooperation between Finnish and Indian organisations.

Highlights:

Identifying innovation as the cornerstone of the collaboration, both DBT and Business Finland have agreed to cooperate **with Biotechnology Industry Research Assistance Council** (BIRAC), the Public Sector Enterprise of the Department of Biotechnology (DBT), Government of India for funding and implementing ambitious industry-led innovative and transnational projects. Based on their mutual interest following research areas have been identified,

1. Mission Innovation; Biofuture platform: biofuels, bioenergy and biomass based products;
2. Environmental and energy applications of biotechnology;

3. Business development of start-up and growth companies; and
4. Education technologies and games in life sciences vi. Other fields of life science industry.

Benefits:

- The Mou will support creation of long-term Research, Development & Innovation collaboration mechanism and to establish and strengthen cooperative network between Indian and Finnish organizations.
- By funding need-oriented, ambitious joint projects of high international standards, the two countries aim to help reach world-class innovations beneficial to both countries.
- It will also facilitate knowledge sharing and knowledge generation among scientists, researchers and industry in the two countries.
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Agreement between India and Indonesia on cooperation in the exploration and uses of outer space

Why in news?

The Union Cabinet chaired by Prime Minister Narendra Modi has given ex-post facto approval to the Framework Agreement between India and Indonesia on cooperation in the exploration and uses of outer space for peaceful purposes.

Background:

- India and Indonesia pursue space cooperation for more than two decades and Indian Space Research Organisation (ISRO) has established ground stations at Biak, Indonesia to provide Telemetry Tracking and Command (TTC) support for ISRO's launch vehicle and satellite missions.
- This cooperation currently pursued under agency level (ISRO-

Indonesian National Institute of Aeronautics and Space -LAPAN) MoUs signed in 1997 and 2002.

- As per the 1997 MoU, the title of the equipment was to be handed over to LAPAN after 05 years, retaining the right of operation, maintenance, and utilisation.
- Considering the above, enhancing the cooperation to government level, ISRO and LAPAN have negotiated a draft Framework Agreement between India and Indonesia on cooperation in the exploration and uses of outer space for peaceful purposes and arrived at mutually agreed version during the meeting between India and Indonesia held at Jakarta during April 23-26, 2018.
- On obtaining necessary approvals of Ministry of External Affairs (MEA) and Prime Minister as Minister-in-Charge, this Framework Agreement was signed and exchanged during the visit of Hon'ble Prime Minister of India to Indonesia on May 30, 2018.

Highlights:

- This Framework Agreement shall enable the following potential interest areas of cooperation such as, space science, exploration of outer space, use of space technology, remote sensing of the earth; operation and maintenance of the integrated BIAK TTC station, hosting of Indian ground station, hosting of IRIMS station, in kind support for launching LAPAN made satellites,, cross utilisation of ground stations etc.
- This Framework Agreement would lead to concluding Implementing Arrangements for specific activities.
- This would also lead to setting up a Joint Working Group, drawing members from DOS/ISRO, and Indonesian National Institute of Aeronautics and Space (LAPAN), for the purpose of achieving the goals of this agreement.

Major Impact:

The signing of the Framework Agreement will strengthen the cooperation between India and Indonesia This agreement will help in establishing ISRO's TTC station and IRIMS station at Indonesia.

National Institutes of Food Technology, Entrepreneurship and Management Bill, 2019

Why in news?

The Union Cabinet chaired by Prime Minister has approved the introduction of National Institutes of Food Technology, Entrepreneurship and Management Bill, 2019.

Objective:

The objective of the bill is to confer the status of Institutions of National Importance to National Institute of Food Technology, Entrepreneurship and Management (NIFTEM) at Kundli, Haryana, and the Indian Institute of Food Processing Technology (IIFPT) at Thanjavur, Tamil Nadu.

Benefits:

- The legislation would provide for functional autonomy to the institutes to design and develop courses, undertake research activities and leverage enhanced status in their academic pursuits, so that they become world class institutes.
 - The institutes would implement the reservation policy of the Government and would also undertake special outreach activities for the benefits of concerned stakeholders.
 - It would enable the institutes to provide world class teaching and research experience by adopting innovative practices.
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