

WHAT IS THE FOREIGN EXCHANGE MANAGEMENT ACT (FEMA)?

The Reserve Bank of India (RBI) recently released a draft 'Licensing Framework for Authorised Persons (APs)' under the Foreign Exchange Management Act (FEMA), 1999.



About the Foreign Exchange Management Act (FEMA):

- FEMA came in 1999 as a successor to the Foreign Exchange Regulation Act, or FERA, of 1973, with changing economic conditions in a post-liberalisation India.
- The main objective of FEMA is to facilitate external trade and payments and promote the orderly development and maintenance of the foreign exchange market in India.
- FEMA deals with provisions relating to procedures, formalities, dealings, etc. of foreign exchange transactions in India.
- The FEMA regulates various aspects of foreign exchange transactions, including the acquisition and holding of foreign exchange, the payment and settlement of foreign exchange transactions, the export and import of currency, and other related activities.
- The act also empowers the RBI to make rules and regulations to carry out the provisions of the act.
- Violations of the provisions of FEMA can result in penalties and fines.
- FEMA's head office is known as the Enforcement Directorate and is situated in Delhi.

Applicability:

- It is applicable to the whole of India and equally applicable to the agencies and offices located outside India (which are owned or managed by an Indian Citizen).
- FEMA is applicable to the following entities and transactions:
 - Foreign exchange.
 - Foreign security.

- **Exportation** of any commodity and/or service from India to a country outside India.
- **Importation** of any commodity and/or service from outside India.
- **Securities** as defined under the Public Debt Act 1994.
- **Purchase, sale, and exchange** of any kind (i.e. **Transfer**).
- **Banking, financial, and insurance**
- Any **overseas company owned by an NRI** (Non-Resident Indian) and the owner is 60% or more.
- Any **citizen of India**, residing in the country or outside (NRI).

Who are Authorised Persons (APs) under FEMA?

- Section 2(c) of the FEMA states that ‘authorised person’ means **an authorised dealer, money changer, off-shore banking unit, or any other person** authorised under section 10 (1) to deal in foreign exchange and foreign securities.
- These are **authorised by the RBI to deal in foreign exchange or in foreign securities**.

NATIONAL LEGAL SERVICES AUTHORITY (NALSA)

The President recently nominated Justice Sanjiv Khanna, the second senior-most judge of the Supreme Court, as the Executive Chairperson of the National Legal Services Authority (NALSA).



About the National Legal Service Authority (NALSA):

- NALSA has been constituted **under the Legal Services Authorities Act, 1987**, to provide free legal services to the weaker sections of society **and to organise Lok Adalats** for amicable settlement of disputes.
- The prime objective of NALSA is the **speedy disposal of cases** and reducing the burden on the judiciary.
- The **Chief Justice of India is the patron-in-chief** of NALSA, while the second senior most judge of the Supreme Court of India is the Executive Chairman.

- It is **housed at the Supreme Court of India**, New Delhi.
- **In every State**, a **State Legal Services Authority** and in every High Court, a High Court Legal Services Committee has been constituted.
- **District Legal Services Authorities** and Taluk Legal Services Committees have been constituted in the Districts and most of the Taluks **to give effect to the policies** and directions of the NALSA, and to **provide free legal services** to the people, and **conduct Lok Adalats in the State**.
- NALSA, through the State Legal Services Authorities, **also conducts legal literacy programmes**.
- **The free legal services include:**
 - **Payment of court fees**, process fees, and all other charges payable or incurred in connection with any legal proceedings;
 - **Providing the service of lawyers** in legal proceedings;
 - Obtaining and **supply of certified copies of orders** and other documents in legal proceedings.
 - **Preparation of appeal**, paper book, including printing and translation of documents in legal proceedings.

Persons eligible for free legal services includes:

- **Women and children**
- Members of **SC/ST**
- **Industrial workmen**
- **Victims of mass disasters, violence**, flood, drought, earthquake, and industrial disaster.
- **Disabled**
- **Persons in custody**
- Persons whose **annual income does not exceed Rs. 1 lakh** (in the Supreme Court Legal Services Committee the limit is Rs. 5,00,000).
- **Victims of trafficking** in human beings or beggars.

TANSEN SAMAROH

Around 1,300 musicians played Vande Mataram on tabla to enter the Guinness World Record for the “largest table ensemble” during the ongoing 99th International Tansen Samaroh in Gwalior.



About the Tansen Samaroh:

- Tansen Samaroh is a tribute to Indian musical legend, **Shri Ramtanu Misra**, famously known as Tansen.
- It is held every year in December in Gwalior to celebrate Tansen.
- Artists and music lovers from all over the world gather here to pay tribute to the Great Indian Musical Maestro Tansen.

Key facts about Mian Tansen:

- He was a prominent **Indian classical music composer**, musician and vocalist, known for a large number of compositions, and also an instrumentalist who popularised and improved the plucked rabab (of Central Asian origin).
- He was **among the Navaratnas** (nine jewels) at the court of the **Mughal Emperor Jalal ud-din Akbar**.
- **Akbar** gave him **the title Mian**, an honorific, meaning learned man.
- Tansen as a historical personality is difficult to extract from the extensive legend that surrounds him.
- He is given credit for introducing some famous ragas, **Miyan ki Malhar**, **Miyan ki Todi** and **Darbari**

NON PERFORMING ASSETS (NPA)

Why in News?

- The Gross Non-Performing Assets (GNPA) ratio of Indian scheduled commercial banks (SCBs) went on improving in the 2nd quarter of this financial year.

- According to the Reserve Bank of India's (RBI's) report titled 'Trend and Progress of Banking in India', the GNPA ratio of SCBs fell to a decadal low of 3.9% at end-March 2023 and further to 3.2% at end-September 2023.

What are Non-Performing Assets (NPAs)?

- **Definition:** A NPA is a loan or advance for which the principal or interest payment remained overdue **for a period of 90 days.**
 - For banks, a **loan is an asset** because the interest paid on these loans is one of the most significant sources of income for the bank.
 - When customers, retail or corporates, are not able to pay the interest, the asset becomes 'non-performing' for the bank because it is **not earning anything for the bank.**
 - Therefore, the RBI has defined NPAs as assets **that stop generating income for banks.**
 - Banks are required to make their NPAs numbers public and to the RBI as well from time to time.
- **Classification of assets:** As per the RBI guideline, banks are required to classify NPAs further into -
 - **Substandard assets:** Assets which have remained NPA for a period less than or equal to 12 months.
 - **Doubtful assets:** An asset that has remained in the substandard category for a period of 12 months.
 - **Loss assets:** It is considered uncollectible and of such little value that its continuance as a bankable asset is not warranted, although there may be some recovery value.
- **NPA Provisioning:** Provision for a loan refers to a certain percentage of loan amount set aside by the banks.

- The standard rate of provisioning for loans in Indian banks varies from **5-20%** depending on the business sector and the repayment capacity of the borrower.
- **In the cases of NPA**, 100% provisioning is required in accordance with the Basel-III norms.
- **GNPA and NNPA:** There are primarily two metrics that help us to understand the NPA situation of any bank.
 - **GNPA:** It is an absolute amount that tells about the total value of gross NPAs for the bank in a particular quarter or financial year as the case may be.
 - **NNPA:** Net NPAs subtracts the provisions made by the bank from the gross NPA. Therefore, net NPA gives the exact value of NPAs after the bank has made specific provisions for it.
- **NPA Ratios:** NPAs can also be expressed as a **percentage of total advances**. It gives us an idea of **how much of the total advances is not recoverable**. For example,
 - GNPA ratio is the ratio of the total GNPA of the total advances.
 - NNPA ratio uses net NPA to find out the ratio to the total advances.

Comprehensive Measures by the Government and RBI to Reduce NPAs:

- Government has implemented a comprehensive **4R's strategy**, consisting of -
 - **Recognition** of NPAs transparently,
 - **Resolution** and recovery of value from stressed accounts,
 - **Recapitalisation** of PSBs, and
 - **Reforms** in PSBs and the wider financial ecosystem for a responsible and clean system.
- Change in credit culture has been effected, with the **Insolvency and Bankruptcy Code 2016 (IBC)** - fundamentally changing the creditor-borrower relationship.
- **The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act 2002** has been amended to make it more effective.

- **National Asset Reconstruction Company Limited (NARCL)** has been set up as an asset reconstruction company with an aim to resolve stressed assets above Rs. 500 crores.
 - PSBs have also created **Stressed Asset Management Verticals** for stringent recovery, segregated pre-and post-sanction follow-up roles for clean and effective monitoring.
 - **The RBI** proposed that lenders should classify a borrower as a “**wilful defaulter**” within **6 months** of their account being declared a NPA.
-

HOW JAPAN'S MOON-LANDING ATTEMPT WILL AFFECT INDIA'S CHANDRAYAAN-4

Background:

- On 25th December, 2023, Japan's **Smart Lander for Investigating Moon (SLIM)** spacecraft entered into the orbit around the moon after a months-long journey.
- Its planned moon-landing attempt is scheduled for 19th January, 2024.
- If the attempt succeeds, Japan will become only the fifth country to soft-land a robotic craft on the natural satellite, months after India succeeded with its Chandrayaan-3 mission in August, 2023.
- Perhaps more importantly, SLIM's success or failure will also affect the upcoming Chandrayaan-4 mission.

About SLIM:

- SLIM is a spacecraft built and launched by the **Japan Aerospace Exploration Agency (JAXA)** on September 7, 2023, from the **Tanegashima spaceport**.
 - It weighed only 590 kg at launch, which is almost one-seventh of Chandrayaan-3, which weighed 3,900 kg at launch.
- SLIM was launched together with XRISM, a next-generation X-ray space telescope, onboard an H-2A rocket.
- On December 25, SLIM entered into an elliptical orbit around the moon. Its apogee (farthest point) in this orbit is 4,000 km and perigee (closest point) is 600 km above the lunar surface.

- **SLIM will also mark the second Japanese attempt this year to soft-land on the moon.**
 - The HAKUTO-R M1 lander crashed in late April after its engines shut down too soon during the landing.

How will SLIM affect Chandrayaan-4?

- Scientists are interested in the moon's south pole region at large because parts of some of the craters here are always in shadow.
 - These parts contain water-ice, and a lunar surface mission could potentially explore these sites and attempt to extract water.
- When ISRO successfully executed its Chandrayaan-3 mission by soft-landing a robotic craft on the moon's surface, on August 23, it also concluded the second phase of its lunar exploration programme.
- The first mission of its third phase is the **Lunar Polar Exploration (LUPEX) mission**, a.k.a. **Chandrayaan-4**.
- LUPEX/Chandrayaan-4 will be an Indian-Japan joint enterprise (however, while JAXA has approved LUPEX, India is yet to) with an earliest launch date in 2026.
- It will explore an area closer to the moon's south pole than Chandrayaan-3 did.
- The technologies JAXA will test with SLIM, but especially a feature-matching algorithm and navigation systems, will be crucial for LUPEX/Chandrayaan-4.
- For now, **JAXA is expected to provide the launch vehicle and the lunar rover while India will provide the lander module.**
- The landing site is yet to be fixed; to compare, the 'Vikram' lander of Chandrayaan-3 mission landed 600 km from the south pole.

UNLAWFUL ACTIVITIES PREVENTION ACT (UAPA)

The Unlawful Activities Prevention Act (UAPA), 1967

- About

- Enacted in 1967, UAPA is the primary counter-terror law in India.
- It was enacted to outlaw and penalise unlawful and terrorist activities, which pose a threat to the integrity and sovereignty of India.
- These activities include:
 - Aiding and abetting terrorists
 - Funding terrorists
 - Inciting anti-national feeling in the masses
 - Other unlawful activities against the state

Key provisions of UAPA

- **Wide ranging powers to Central Govt**
 - It provides wide-ranging powers to the Central Government to designate organisations as terrorist organisations and
 - It also prescribes the penalties for taking part in the activities of such organisations.
 - **Applicability**
 - It is also applicable if the offences are committed outside India. Both Indian and foreign nationals can be charged.
 - **Timeline**
 - A charge sheet can be filed in maximum 180 days after the arrests.
 - The investigation has to be completed within 90 days.
 - If investigation is not completed with the stipulated time, the accused is eligible for default bail.
 - **Special court**
 - The act establishes a special court designated to conduct trials.
-