



## Current Affairs of the Day

### GS Paper - III

- CBI books Cambridge Analytica, another firm in data theft case
- India proposes to expand research, tourism in the Arctic
- RBI moots scale-based tighter regulatory framework for NBFCs



## CBI books Cambridge Analytica, another firm in data theft case

*Issues: Need for data protection law in India*

The CBI has booked Cambridge Analytica (U.K.) Limited and Global Science Research Limited (U.K.) for alleged illegal harvesting of personal data of about 5.62 lakh Indian users on Facebook through an application. The data was collected without the knowledge and consent of users.

### Highlights:

1. It stems from a preliminary enquiry launched by the agency in July 2018 on a complaint from the Ministry of Electronics and Information Technology (MeitY) following media reports alleging the illegal harvesting of personal data.
2. MeitY had earlier sought details from Facebook and Cambridge Analytica about the alleged violations, the extent of the leak of personal data of Indian users and their possible misuse by Cambridge Analytica for profiling and influencing elections in India.
3. The CBI found that the GSRL had created an application that was named “thisisyourdigitallife.”
4. As per Facebook’s platform policy, the app was authorised to collect certain specific data of users for academic and research purposes.
5. It, however, illegally collected unauthorised data of users as well as their friends’ network on Facebook, as alleged in the FIR.

## India proposes to expand research, tourism in the Arctic

*Issues: Energy security and ecological emergency*

India has unveiled a new draft ‘Arctic’ policy that, among other things, commits to expanding scientific research, “sustainable tourism” and mineral oil and gas exploration in the Arctic region.

### Highlights:

1. India expects the National Centre for Polar and Ocean Research to lead scientific research in the Arctic.
2. Other objectives of the policy include putting in place Arctic-related programmes for mineral/oil and gas exploration in petroleum research



institutes and encouraging tourism and hospitality sectors in building specialised capacities and awareness to engage with Arctic enterprises.

3. Arctic research will help India's scientific community to study melting rates of the third pole — the Himalayan glaciers, which are endowed with the largest freshwater reserves in the world outside the geographic poles.

### Background:

1. India launched its first scientific expedition to the Arctic in 2007. **Himadri** is India's first permanent Arctic research station located at Spitsbergen, Svalbard, Norway. It is located at the International Arctic Research base, Ny-Ålesund. It was inaugurated on the 1st of July, 2008 by the Minister of Earth Sciences.
2. **IndARC** is India's first underwater moored observatory in the Arctic region. It was deployed in 2014 at Kongsfjorden fjord, Svalbard, Norway which is midway between Norway and the North Pole. Its research goal is to study the Arctic climate and its influence on the monsoon.

### Arctic Council

The Arctic Council is the leading intergovernmental forum promoting cooperation, coordination and interaction among the Arctic States, Arctic Indigenous peoples and other Arctic inhabitants on common Arctic issues, in particular on issues of sustainable development and environmental protection in the Arctic. It was formally established in 1996. The Ottawa Declaration defines these states as Members of the Arctic Council: Canada, The Kingdom of Denmark, Finland, Iceland, Norway,

The Russian Federation, Sweden and The United States





## India's role in Arctic Council

India, along with 12 other countries, is Observers to the Arctic Council. The Observers are not part of the decision-making processes, but they are invited to attend the meetings of the Council, especially at the level of the working groups. India had been given the Observer status in 2013

## RBI moots scale-based tighter regulatory framework for NBFCs

### Issues: regulation of NBFC

The RBI has suggested a tougher regulatory framework for the non-banking finance companies' (NBFC) sector to prevent recurrence of any systemic risk to the country's financial system.

### Highlights:

1. The regulatory and supervisory framework of NBFCs will be based on a four-layered structure — the base layer (NBFC-BL), middle layer (NBFC-ML), the upper layer (NBFC-UL) and the top layer.
2. If the framework is visualised as a pyramid, the bottom of the pyramid, where least regulatory intervention is warranted, can consist of NBFCs currently classified as non-systemically important NBFCs (NBFC-ND), NBFCP2P lending platforms etc.
3. Moving up, the next layer may comprise NBFCs currently classified as systemically important NBFCs (NBFC-ND-SI), deposit-taking NBFCs (NBFC-D), Housing Finance Companies HFCs etc.
4. The regulatory regime for this layer shall be stricter compared to the base layer. Adverse regulatory arbitrage vis-à-vis banks can be addressed for NBFCs falling in this layer in order to reduce systemic risk spill-overs, where required.
5. The next layer may consist of NBFCs identified as 'systemically significant'. This layer will be populated by NBFCs having a large potential of systemic spill-over of risks and the ability to impact financial stability.
6. The current threshold for systemic importance, which is ₹500 crore now, is proposed to be revised to ₹1,000 crores. As per the proposals, the old NPA classification norm of 180 days will be reduced to 90 days.



## About NBFCs:

India's non-banking financial companies (NBFC) sector — also known as the shadow banking system that provides services similar to traditional commercial banks but outside normal banking regulations.

An NBFC is a company registered under the Companies Act, 1956 engaged in the business of loans and advances, acquisition of shares/bonds issued by Government or local authority, leasing, hire-purchase, insurance business, chit business but does not include any institution whose principal business is that of agriculture activity, industrial activity, purchase or sale of any goods (other than securities) or providing any services and sale/purchase/construction of the immovable property.

NBFCs in India include not just finance companies, but also a wider group of companies that are engaged in investment, insurance, chit fund, Nidhi, merchant banking, stockbroking, alternative investments etc. as their principal business.

NBFCs lend and make investments and hence their activities are akin to that of banks; however, there are a few differences as given below:

1. NBFC cannot accept demand deposits (Time Deposit allowed);
2. NBFCs do not form part of the payment and settlement system and cannot issue cheques drawn on itself;
3. The deposit insurance facility of Deposit Insurance and Credit Guarantee Corporation is not available to depositors of NBFCs, unlike in case of banks.

**Following are the types of NBFCs:** The NBFCs are categorised on the basis of liabilities and activity.

