

# BANKING AND FINANCIAL AWARENESS

## SEPTEMBER 2019: WEEK IV

### SCOPE OF THE BHARAT BILL PAYMENT SYSTEM (BBPS) EXPANDED

- BBPS is an interoperable medium to **facilitate customers to pay bills** such as direct-to-home (DTH), telephone, water, gas and electricity **at a single location** either physical or electronic.
- After the expansion of the payment facility, municipal taxes, insurance premiums, school fees and other **recurring payments** can also be paid via BBPS.
- In the **Third Bi-monthly Monetary Policy Statement 2019-20** on 7th August, it was decided to expand the scope and coverage of BBPS.

### GOVERNMENT AMENDED CSR SPENDING NORMS

- The government has amended the **corporate social responsibility (CSR)** spending norms to allow the corporates to spend on research and development (R&D) activities.
- The step has been taken to increase India's spending on research and development (R&D) activities which is presently **less than 1% of GDP for years**.
- The Companies Act requires firms with **1) net worth of Rs 500 crore 2) turnover of Rs 1,000 crore or net profit of Rs 5 crore or more to set aside 2% of their average net profit over the last 3 years towards 'approved' CSR activities.**

### SEBI TIGHTEN MUTUAL FUND NORMS

- SEBI has tightened the norms for mutual funds by making it mandatory to hold **at least 20% liquid assets in liquid schemes**.
- The **liquid assets include** cash, government securities, T-Bill and repo on Government securities.
- The parking of funds in **short term deposits of scheduled commercial banks** won't be charged **investment management and advisory fees** by the **asset management company (AMC)**.
- Investors will be charged with **levy exit load by Mutual fund** if they exit within seven days of investment, however, no levy exit load will be charged to an investor who made an investment in liquid funds before the prescribed date.

### RBI HAS PLACED PMC BANK UNDER DIRECTIONS

- The Reserve Bank of India has placed the **Punjab and Maharashtra Cooperative (PMC) Bank Limited** under Directions.
- As per the Directions, the depositors of the **Mumbai based PMC Bank** are not allowed to withdraw amount **exceeding Rs 1,000** of the total balance in a savings account/current account or deposit account.
- The directions are to remain in force for **6 months** from the close of business of the bank.
- RBI has said that the direction is **not be construed as a cancellation** of a banking licence.

## RBI MODIFIED DIRECTIONS TO PMC BANK

---

- Depositors can **withdraw a sum not exceeding 10,000 rupees** of the total balance from Savings account/current account/deposit account.
- More than **60% of the depositors will be able to withdraw their entire account balance.**
- The modifications of rules are done after police complaints were filed against the top officials of the PMC bank and **Housing Development and Infrastructure Limited (HDIL)** for allegedly looting 3,000 crore rupees of the depositors.

## RBI PUT LAKSHMI VILAS BANK UNDER PCA NORMS

---

- Due to high bad loans and insufficient capital, RBI has put the **Tamil Nadu based Lakshmi Vilas Bank** under **prompt corrective action framework.**
- RBI has said that the marking of the bank under PCA aimed at not having an impact on the **normal day-to-day operations of the bank.**
- RBI helps the bank by taking a corrective course of action when the bank has a weak financial performance for a sustained period on parameters of **capital ratios, asset quality and profitability.**

