

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.**

