

## Prelim Bits 18-07-2019

### .Ploonet

- When the moons of exoplanets break away from their own orbits, went rogue and acts like a planet, it is called "**Ploonet**."
- It gets its name from 'Planet + moon = **Ploonet**'.
- As the exoplanets move inward toward their suns, the orbits of their moons are often disrupted.
- So the moon may run away from their exoplanets and could become 'Ploonets', according to new study models.
- This is because of the combined gravitational forces of the planet and the star.
- This gravitational force would inject extra energy into the moon's orbit, pushing it farther from its planet until eventually it escapes.
- This process happens in every planetary system composed of a giant planet in a very close-in orbit.
- As for Earth's own Moon, it is a potential ploonet.
- It moves about 4cm farther away from Earth every year.
- Going at this rate, it won't break away from the Earth's orbit for about next 5 billion years.
- However, astronomers not yet confirmed the existence of a single exomoon, it just remains hypothetical in research papers.
- Criteria to classify any object as a "**Planet**", according to the **International Astronomical Union** are,
  - i. It needs to be in orbit around a any fully fledged star.
  - ii. It needs to have enough gravity to pull itself into a spherical shape.
  - iii. It has cleared the neighbourhood around its orbit

### Jalan committee report

- It was set up to review the economic capital framework of the **RBI**.
- According to **Section 47 of the RBI Act**, profits of the RBI are to be transferred to the government, after making various contingency provisions.
- The contingency provisions includes public policy mandate of the RBI, financial stability considerations etc.

- The committee proposes transfer of RBI reserves to govt in tranches over 3-5 years.
- It recommended transferring of funds from both contingency and revaluation reserves to the government.
- The panel has also sought a 'period review' of the RBI capital framework.
- In the past, the issue of the ideal size of RBI's reserves was examined by three committees,

1. **V Subrahmanyam** (1997)
2. **Usha Thorat** (2004) and
3. **Y H Malegam** (2013).

- At present RBI continue with the recommendation of the Subrahmanyam panel.
- The RBI board did not accept the recommendation of other committees.
- For the year ending June 2018, RBI had total reserves of Rs 9.59 lakh crore.
- It comprises mainly currency and gold revaluation account (Rs 6.91 lakh crore) and contingency fund (Rs 2.32 lakh crore).
- The government was seeking Rs 3.6 lakh crore from the RBI.
- The transfer of surplus capital may help the government meet its fiscal deficit target.

## **Ebola - An international emergency**

- The World Health Organization (WHO) declared 'Ebola virus' outbreak in **Congo** as an international health emergency.
- The outbreak, the second largest in history, has killed more than 1,600 people in Congo.
- **Ebola** is a rare but **deadly virus** that causes sudden fever, intense weakness, muscle pain and a sore throat.
- It progresses to vomiting, diarrhoea and both internal and external bleeding.
- It is formerly known as **Ebola haemorrhagic fever, Ebola virus disease (EVD)**.
- It spreads to humans by contact with the skin or bodily fluids of an infected animal, like a monkey, chimp, or fruit bat.
- It also spreads between humans through direct contact with an infected person.
- It can spread quickly and be fatal in up to 90% of cases.
- Patients tend to die from dehydration and multiple organ failure.
- **Vaccines** to protect against Ebola are under development.
- There is no licensed Ebola treatment, but early care such as **rehydration** helps to improve the chances of survival.
- An experimental vaccine "**rVSV-ZEBOV**" proved highly protective and is

being used in the ongoing outbreak in Congo.

- So, declaring a 'global health emergency' by **WHO** often brings an increase in international attention and aid.

## **Mutual Funds to NBFCs**

- According to analysis by CARE Ratings, the overall exposure of Mutual Funds to NBFCs has declined.
- It had declined from 19% (of the total funds) in July 2018 to 14.8% in June 2019.
- The fall is much steeper in the exposure of MFs to the '**Commercial papers**' of NBFCs as against '**Corporate debt**' of NBFCs.
- The recent crisis in the NBFC sector, lead to the overall decline of Mutual funds to NBFCs.
- **Mutual Fund** - It is a type of financial vehicle which collects money from investors and invests the money on their behalf.
- The investment can be in securities such as stocks, bonds, money market instruments, and other assets.
- **NBFC** - 'Non-Banking Financial Company' is a company registered under the **Companies Act, 1956**.
- They are the financial institutions that offer various banking services but do not have a banking license.
- They can lend and make investments but cannot accept demand deposits. cannot issue cheques drawn on itself.
- They are of two types, Deposit-taking NBFCs and Non-deposit taking NBFCs.
- NBFCs whose asset size is of Rs 500 cr or more are considered as 'systemically important NBFCs'.
- **Commercial paper (CP)** - It is a **short-term** debt instrument issued by companies.
- It is generally to raise funds for a time period up to one year.
- It is an **unsecured** money market instrument.
- Individuals, banking companies, other corporate bodies and non-resident Indians and FII can invest in CPs.
- **Corporate debt - Debt** markets are often called as "**bond markets.**"
- These are securities issued by private and public corporations.
- It is to raise money for a variety of purposes, such as building a new plant, growing the business, generally for a **long-term**.
- The company promises to return the principal money on a specified maturity date.
- It also pays interest in regular instalments, in most cases, every six months or once a year.
- They are less safe than government bonds.

**Source: Indian Express**

