Q4

The establishment of 'Payment Banks' is being allowed in India to promote financial inclusion. Which of the following statements is/are correct in this context? 1. Mobile telephone companies and supermarket chains that are owned and controlled by residents are eligible to be promoters of Payment Banks. 2. Payment Banks can issue both credit cards and debit cards. 3. Payment Banks cannot undertake lending activities. Select the correct answer using the code given below (a) 1 and 2 only (b) 1 and 3 only (c) 2 only (d) 1, 2 and 3 Official key: B.

UPSC Civil Services Prelims 2016 · General Studies · 2 marks · Economy

Indian economy, budget, schemes - Prelims GS Paper I.

Explanation

(a)

1 and 2 only. Resident-owned mobile and supermarket chains may promote payments banks, but those banks cannot issue credit cards. Statement 2 is false, so this pairing is not the key.

(b) Official key

1 and 3 only. RBI's payments-bank guidelines allow promoters such as mobile firms and supermarket chains that are owned and controlled by residents. They may issue ATM/debit cards and accept restricted deposits, but they cannot lend or issue credit cards. That stored letter is the official key.

(c)

Statement 2 only. Credit-card issue is barred for payments banks. 2 alone is the opposite of the design, so it is not the key.

(d)

1, 2 and 3. Because credit cards are not allowed, all three cannot stand. This letter is not the key.

Summary

- **Official key is (b) 1 and 3 only. Payments banks exist for inclusion:** deposits, payments, remittances and debit access, not credit creation. Eligible resident corporate promoters include telecom and retail chains. The lending ban and the credit-card ban are the same logic. Honour the stored letter (b).

Related possible facts

These can be asked in a future Prelims paper.

Payments bank deposit cap (at launch design)
₹1 lakh per customer (later revised by RBI)

Credit products
No loans, no credit cards

Nachiket Mor panel
Committee on Comprehensive Financial Services, 2014

CRR/SLR
CRR on demand deposits; high SLR-like park in SLR securities

Debit cards
Permitted; credit cards are not