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Q43

Which of the following is a most likely consequence of implementing the 'Unified Payments Interface (UPI)'? (a) Mobile wallets will not be necessary for online payments. (b) Digital currency will totally replace the physical currency in about two decades. (c) FDI inflows will drastically increase. (d) Direct transfer of subsidies to poor people will become very effective. Official key: A.

UPSC Civil Services Prelims 2017 · General Studies · 2 marks · Current Affairs and GK

Current events, government schemes, miscellaneous GK - Prelims GS Paper I.

Explanation**(a) Official key**

(a) Mobile wallets will not be necessary for online payments. UPI lets a customer pay from a bank account via a virtual address or QR without keeping a closed-loop wallet balance. That is the most direct consequence and the official key.

(b)

(b) Digital currency will totally replace physical currency in about two decades. UPI does not imply a timed end of cash. Not the key.

(c)

(c) FDI inflows will drastically increase. UPI is a domestic payments rail, not an FDI magnet by itself. Not the key.

(d)

(d) Direct transfer of subsidies will become very effective. DBT uses bank accounts and Aadhaar; it is not the distinctive UPI consequence. Not the key.

Summary

Official key is (a) mobile wallets will not be necessary for online payments. Unified Payments Interface, built by **NPCI**, moves money between bank accounts in real time using a **VPA**, QR or intent-flow, so a prepaid wallet is optional rather than required. It does not schedule the death of cash, guarantee FDI, or redefine DBT. **IMPS** and NEFT are neighbouring rails. **BHIM** is the government UPI app brand of that period.

Related possible facts

These can be asked in a future Prelims paper.

NPCI

Retail payments umbrella

UPI launch

2016

VPA

Virtual Payment Address

BHIM

NPCI/MeitY UPI app

IMPS

Immediate Payment Service

PPI wallets

Prepaid instruments; UPI reduces need

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