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Daily MCQs: 03-09-2024

1. Consider the following statements with respect to Payments Banks.

1. Payments banks are expected to increase the penetration level of financial services to the remote areas of the country.
2. Deposits mobilized by the payments bank are covered under the deposit insurance scheme of the Deposit Insurance and Credit Guarantee Corporation of India (DICGC).
3. They cannot offer loans.
4. They cannot issue credit cards.

Which among the above statements is/are correct?

- A. 1, 2 and 3 only
- B. 1, 2 and 4 only
- C. 2, 3 and 4 only
- D. 1, 2, 3 and 4

2. With reference to the National Companies Law Tribunal (NCLT), consider the following statements.

1. It was established under the Companies Act, 2013.
2. It is a quasi-judicial authority which settles disputes which are related to corporate cases.
3. It acts as the appellate authority under the Insolvency and Bankruptcy Code, 2016.

Which among the above statements is/are correct?

- A. 1 and 2 only
- B. 2 only
- C. 2 and 3 only
- D. 1, 2 and 3

3. Consider the following statements about the Technical Textiles

- 1) They are engineered products with a definite functionality.
- 2) They are manufactured using natural fibers only.

Which of the statements given above is/are correct?

- A. 1 only
- B. 2 only
- C. Both 1 and 2
- D. Neither 1 nor 2

4. Which organization is responsible for developing the HSN codes globally?

- A. World Trade Organization (WTO)
- B. United Nations (UN)
- C. World Customs Organization (WCO)
- D. International Monetary Fund (IMF)

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5. Dachigam National Park located in Jammu and Kashmir is a critical habitat for which of the following species?

- A) Great Indian Bustards
- B) Hanguls
- C) Olive Ridley turtles
- D) Black necked cranes

Solutions:

1. Answer: D

Explanation

- Payments banks are the new age banks with limited facilities. These banks mostly operate through the small vendors and shopkeepers. It exists in between the mobile wallet and regular banks.
- Payments banks are permitted to set up their own outlets such as branches, Automated Teller Machines (ATMs), Business Correspondents (BCs), etc. to undertake only certain restricted activities permitted to banks under the Banking Regulation Act, 1949.
- A payments bank provides following services to its customers:
 - Accept demand deposits
 - Remittance services
 - Mobile payments
 - Fund transfers
 - **Statement 4 is correct:** Debit card and associated services (Payments Banks cannot issue credit cards)
 - Net Banking services
 - Sell third-party financial products like insurance and mutual funds
- However, payments banks cannot undertake the following activities:
 - **Statement 3 is correct:** They **cannot undertake lending activities**
 - They **cannot set up subsidiaries to undertake non-banking financial services activities**
 - They are **not eligible to accept NRI deposits.**

Objectives

- The main objective of payments banks is to widen the spread of payment and financial services to small business, low-income households, and the migrant labour workforce in a secured technology-driven environment.
- **Statement 1 is correct:** With payments banks, RBI seeks to increase the penetration level of financial services to the remote areas of the country.
- The Reserve Bank expects payments banks to target India's migrant labourers, low-income households and small businesses, offering savings accounts and remittance services with a low transaction cost.

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Eligible promoters

- Existing non-bank Pre-paid Payment Instrument (PPI) issuers authorised under the Payment and Settlement Systems Act, 2007
- Other entities such as individuals / professionals; Non-Banking Finance Companies (NBFCs), corporate Business Correspondents (BCs), mobile telephone companies, supermarket chains, companies, real sector cooperatives; that are owned and controlled by residents; and public sector entities may apply to set up payments banks.

Regulations

- Payments banks are registered as a **public limited company** under the **Companies Act, 2013**, and licensed under Section 22 of the **Banking Regulation Act, 1949**.
- **Statement 2 is correct:** Deposits mobilised by the payments bank are covered under the **deposit insurance scheme of the Deposit Insurance and Credit Guarantee Corporation of India (DICGC)**.
- Apart from amounts maintained as **Cash Reserve Ratio (CRR)** with RBI on its outside demand and time liabilities, Payments banks are required to invest **minimum 75 per cent of its "demand deposit balances"** in Government securities/Treasury Bills with maturity up to one year that are recognized by RBI as eligible securities for maintenance of Statutory Liquidity Ratio (SLR) and hold **maximum 25 per cent in current and time / fixed deposits** with other scheduled commercial banks for operational purposes and liquidity management.
- The **minimum paid-up equity capital for payments banks shall be Rs. 100 crore**, of which the promoter's contribution would be minimum 40 percent of paid-up equity capital for the first 5 years of commencement of the business.
- The foreign shareholding in the payments bank would be **as per the Foreign Direct Investment (FDI) policy for private sector banks** as amended from time to time. As per the current FDI policy, the aggregate foreign investment in a private sector bank from all sources will be allowed upto a **maximum of 74 per cent** of the paid-up capital of the bank.

2. Answer: A

Explanation

- **Statement 1 is correct:** National Company Law Tribunal (NCLT) was established under the Companies Act 2013 and was constituted in 2016 to handle the laws regarding the companies.
- **Statement 2 is correct:** It operates as a quasi-judicial authority which handles the structures, laws and settles disputes which are related to corporate cases. The NCLT is formed on Article 245 in the constitution of India.
- **Statement 3 is incorrect:** Under the Insolvency and Bankruptcy Code, 2016, the NCLT is the **Adjudicating Authority**. The **National Company Law Appellate Tribunal (NCLAT)** acts as the appellate authority.

3. Answer: A

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Explanation

- **Statement 1 is correct:** Technical textiles are textile materials and products **used primarily for their technical performance and functional properties** rather than their aesthetic or decorative characteristics. They are **engineered products with a definite functionality**.
- **Statement 2 is incorrect:** Technical textiles are manufactured using **natural as well as man-made fibers** such as Nomex, Kevlar, Spandex, Twaron that **exhibit enhanced functional properties** such as higher tenacity, excellent insulation, improved thermal resistance etc.
- These products find end-use application across multiple non-conventional textile industries such as healthcare, construction, automobile, aerospace, sports, defense and agriculture.

About NTTM

- To position India as a global leader in Technical Textiles, the **Ministry of Textiles** launched the National Technical Textile Mission in **2020**.
- The Mission also supports the '**Make in India**' initiative promoting domestic manufacturing of related machinery and equipment.
- The Mission has a target to take the **domestic market size of the technical textile sector to \$ 40-50 Bn** by the year 2024 with an **average growth rate of 15-20% per annum**.
- The Mission comprise of the following **four components**:
 - **Research, Innovation and Development**
 - **Promotion and Market Development**
 - **Export Promotion**
 - **Education, Training, Skill Development.**

4. Answer: C

Explanation

- The Harmonized Commodity Description and Coding System generally referred to as "Harmonized System" or simply "HS" is a **multipurpose international product nomenclature** developed by the **World Customs Organization (WCO)** in 1988.
 - *WCO, established in 1952 is an independent intergovernmental body whose mission is to enhance the effectiveness and efficiency of Customs administrations.*
 - *WCO represents 185 Customs administrations across the globe (including India) that collectively process approximately 98% of world trade.*
- It is a **six-digit code** that classifies more than 5000 products, arranged in a legal and logical structure. To achieve uniform classification, the HS Nomenclature is supported by well-defined rules and is **accepted worldwide**.
- HSN code is used by customs authorities, statistical agencies, and other government regulatory bodies, to **monitor and control the import and export of commodities**.
 - **India** has been using HSN codes since 1986 to classify commodities for Customs and Central Excise.

5. Answer: B

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Explanation

- Dachigam National Park is situated in the Union Territory of **Jammu and Kashmir**.
- It encompasses nearly half of the catchment zone of the renowned Dal Lake.
- **Located within the Zaskar mountain range** of the Northwest Himalayan biogeographic zone.
- The park harbors the last remaining genetically viable population of the **Kashmir red deer, also known as the Hangul Kashmir stag**, which is classified as **critically endangered** by the IUCN.
- The vegetation within the park primarily consists of **coniferous forests interspersed with broadleaf species** such as apricot, walnut, chestnut, oak, willow, poplar, wild cherry, pear, plum, peach, apple, chinar, birch, pine, and elm.

