

# Let's start economy: Pillar#1: Money, Banking, Finance, Insurance

A-1

- Money: barter to Bitcoin

A-2

- RBI's monetary policy
- CRR, SLR, Repo etc

B-1

- Classification of Banks-NBFC

B-2

- Burning issues in Banking sector
- NPA, IBC, BASEL...

C

- SEBI Sharemarket

D

- Insurance, Pension, Fin. Inclusion



1) MBFI



2) Budget



3) Intl. Trade



4) Sectors of Economy



5) Infrastructure



6) HRD

Audio/Video  
Problem?



CTRL

R

Edu Doubt?  
Ask through



# Economy Pillar1A1: Money Barter to Bitcoin

Barter system →  
Money functions & Types



Commodity  
Money

Edu Doubt?  
Ask through



Metallic  
Money

Audio/Video  
Problem?



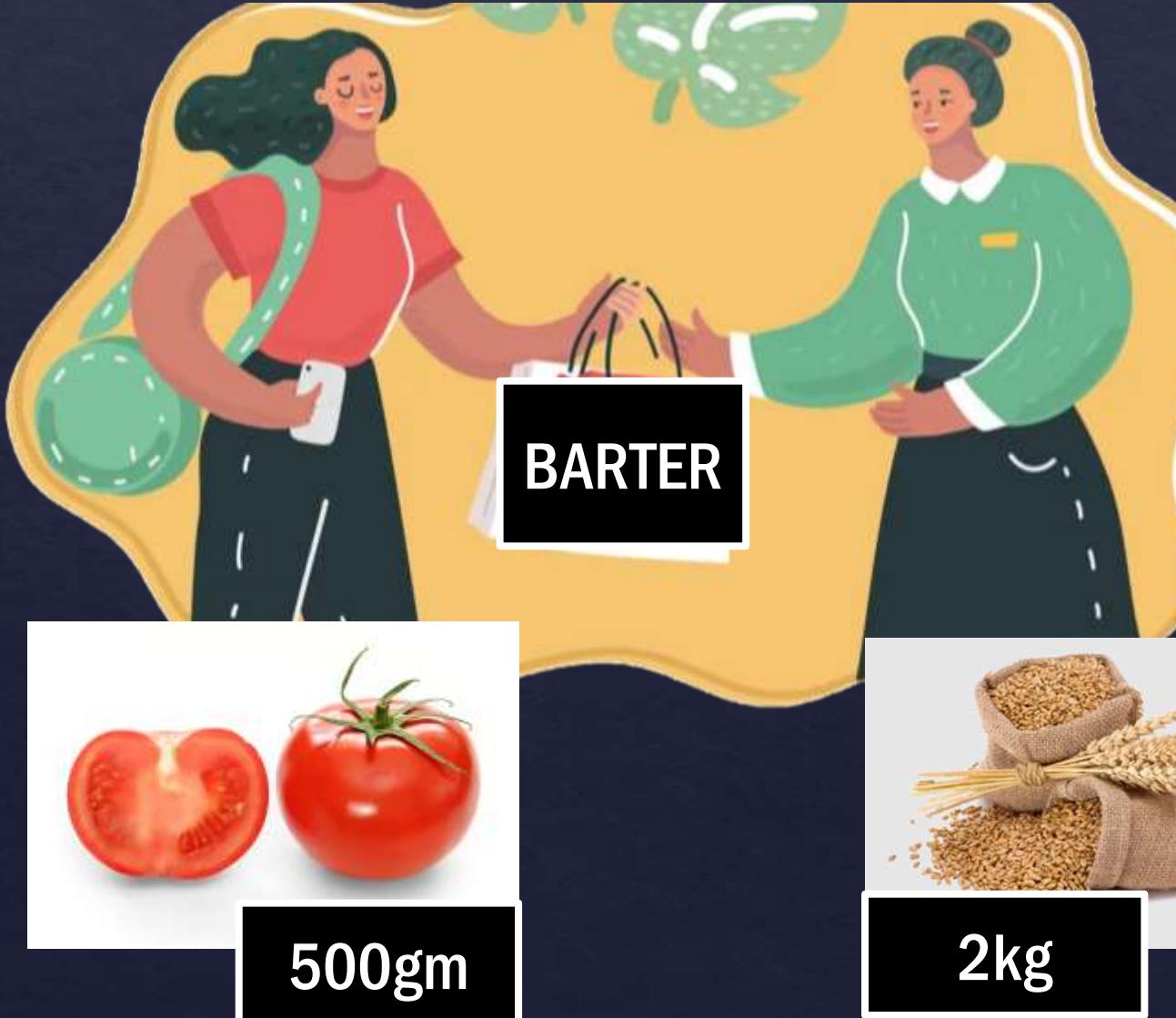
Paper  
/ Fiat money/  
legal tender

Bank Money,  
deposit  
money  
**Digital**  
Payment

Crypto  
Currency.  
CBDC. NFT  
blockchain  
tech.

# Barter System: (वस्तु विनिमय प्रणाली)

People used to trade with each other even before money was invented..



जब वो पैसो का आविष्कार नहीं हुआ था  
तब भी लोग आपस में व्यापार करते थे  
टमाटर के बदले गेहूं अदला-बदली करते  
हैं

वस्तु विनिमय प्रणाली

People used to trade  
with each other  
even before  
money was invented..

# Barter System: (वस्तु विनिमय प्रणाली)

People used to trade with each other even before money was invented..



## Pros/ लाभ

- 1 🎉 No danger of fake currency. जाली नोट का कोई खतरा नहीं
- 2 🎉 Easy Foreign Trade:
  - Iraq - oil = India - wheat.
  - No need to worry for Rs-\$ exchange rate. विदेश व्यापार बहुत आसान: एक हाथ सामान दो दूसरे हाथ सामान लो !
  - रुपये डॉलर का क्या विनिमय दर चल रहा है कोई मगजमारी नहीं

# Limitation: trade not possible **without** double co-incidence of wants

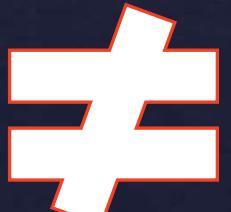


आवश्यकताओं का दोहरा संयोग नहीं होगा → तो व्यापार नहीं हो सकता

1) I give u my wheat  
for your tomatoes  
मुझे गेहूं के बदले टमाटर  
चाहिए



2kg



500gm

BARTER

2) No I want to exchange  
tomatoes with MANGOES.

मुझे गेहूं नहीं आम चाहिए



3) I want to exchange  
Tomato with Apple.



# Barter System: (वस्तु विनिमय प्रणाली)

People used to trade with each other even before money was invented..



Pros/ लाभ

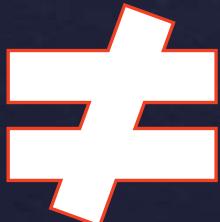
- Foreign Exchange, fake currency angles

Cons/ नुकसान

- 😞 Trade not possible without Double coincidence of wants (आवश्यकताओं का दोहरा संयोग नहीं होगा तो व्यापार असंभव) 😞
- 😞 Search cost / Cost of Transaction ↑: ढूँढने का लागत खर्च ज्यादा क्योंकि दस और जगह ढूँढने जाना होगा
- 😞 Storage of perishable commodities = Loss of Value. नाशप्राय चीजें खराब हो जाएंगे 😞
- And a few other problems....



2kg



500gm

# Money solved the problem



I want to exchange  
tomatoes with MANGOES.  
मुझे गेहूं नहीं आम चाहिए



# Money system encourages specialization / division of labour

श्रम विभाजन को प्रोत्साहन देती है।

आपको जो वस्तु या सेवा पैदा  
करनी आती है → उसे पैदा करो  
→ और उसके बदले में पैसा  
कमाओ →  
उन पैसों की मदद से मनचाही चीज़  
खरीदो



>We'll use our salary from  
factory ₹ ₹ to buy wheat

Money system

# Barter system doesn't encourage specialization / division of labour

श्रम विभाजन को प्रोत्साहित नहीं करती

- 1) I've developed software DVD
- Please barter me 5kg Wheat
- Else my children will die of starvation
- मेरी सॉफ्टवेयर डीवीडी के बदले में गेहूं बेचो → वरना मेरे बच्चे भूखे मर जाएंगे



2) But I don't want software DVD मेरे को ये नहीं चाहिए है



3) Better I leave software developer JOB & become a FARMER.

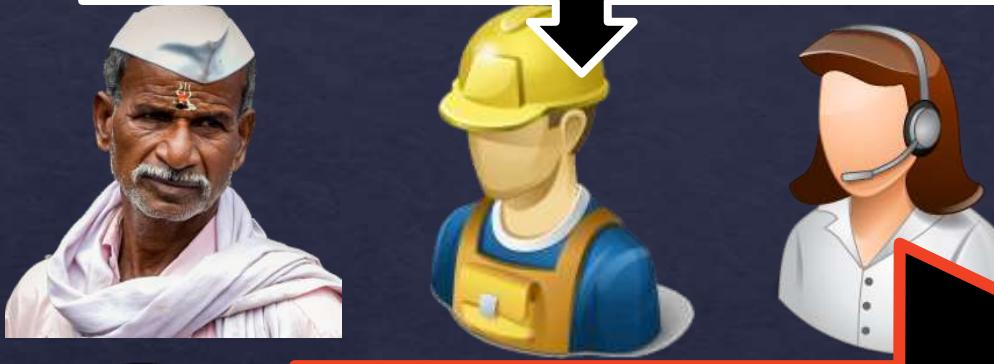
अभी मैं भी खेतीबाड़ी ही शुरू करूँ, वरना बच्चे भूखे मर जाएंगे



# Barter system doesn't encourage specialization / division of labour

श्रम विभाजन को प्रोत्साहित नहीं करती 😞

Everyone doing same type of work



Different-different work



We'll grow wheat because problem of double co-incidence of wants 😞



आॅफिस की नौकरी गई भाड़ मे

मैं तो घर पे रहूंगी और अपने बगीचे में गेहूं उगाऊंगी



2) Barter system

we'll produce cars and call center service and use that ₹ ₹ to buy wheat



1) Money system



UPSC के बाबूशोने

10.3 BARTER SYSTEM & II



Barter system was introduced by Mesopotamian tribes. It has following challenges: (चुनौतिया )

- 🚫 Double co-incidence of Wants (आवश्यकताओं का दोहरा संयोग नहीं होगा तो व्यापार असंभव).
- 🚫 Search Cost & Transaction cost is high. (सही दाम पर चीज ढूँढ़ने व लेनदेन की लागत बढ़ जाती है)
- 🚫 Storage of perishable commodities is difficult, results in loss of value. (नाशवान वस्तुओं का मूल्यहास)
- 🚫 Doesn't encourage specialization and division of labour (अम विभाजन को प्रोत्साहित नहीं करता).

# Done upto page 4: 1<sup>st</sup> half

👉 I disagree  
I've counter arguments  
How even barter system  
can also  
⬆️ specialization

- Just 4 lines
- Accept for MCQ →
- Move to next topic.

# Necessity is the mother of inventions

आवश्यकता = आविष्कारों की जननी



## Horse carriage

Slow

Bumpy

Temperature control

Security of luggage ↓

पहले लोग घोड़ी गाड़ी टांगे में प्रवास करते

थे लेकिन उसमें बहुत दिक्षते थी

# Necessity is the mother of inventions

आवश्यकता= आविष्कारों की जननी



## Horse carriage

慢 (Slow)

颠簸 (Bumpy)

无温度控制 (Temperature control)

无行李安全 (Security of luggage)



## CAR was invented



PRIMARY function: (प्राथमिक कार्य)  
SPEEDY transport

SECONDARY function (सहायक गौण कार्य )  
Comfort, AC, Security

**Limitations of Barter System → gave birth to money system**

वस्तु विनिमय प्रणाली की मर्यादाओं ने → पैसों को जन्म दिया

## 😢 Barter System problems

😢 Double co-incident of wants

😢 Division of Work

😢 Loss of value for perishables



💰 Money was invented [पैसों को जन्म दिया]



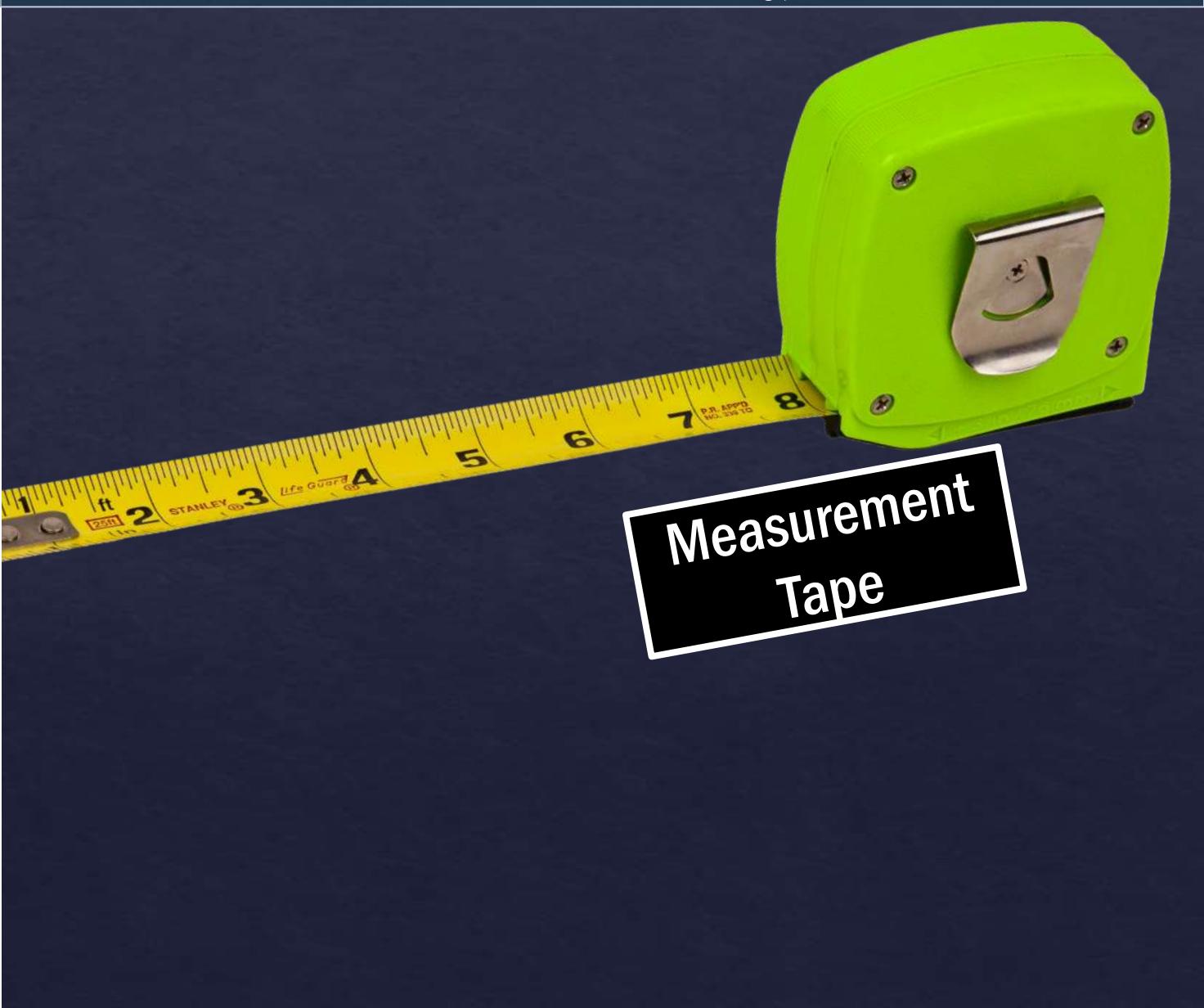
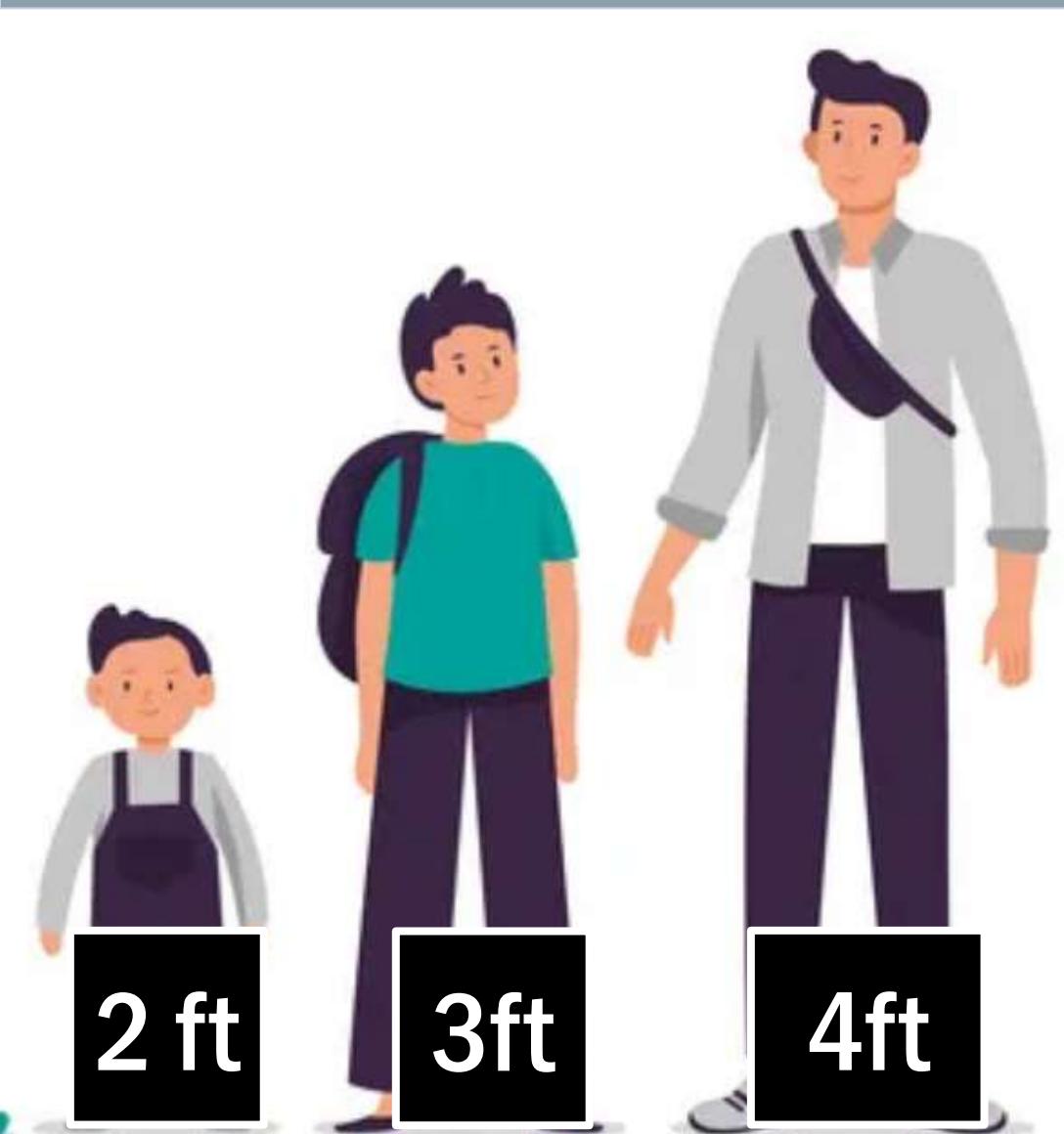
👑 Primary functions

👑 Secondary

👑 Contingent

**Money = Physical or digital “Coin/NOTE” → that can “MEASURE Value”**

पैसा वो चीज़ है जो भौतिक या डिजिटल सिक्के या नोट के स्वरूप में है → मूल्य नाप सकता है



**Money = Physical or digital “Coin/NOTE” → that can “MEASURE Value”**

पैसा वो चीज़ है जो भौतिक या डिजिटल सिक्के या नोट के स्वरूप में है → मूल्य नाप सकता है



1 tea cup  
₹15 rupees



2 tea cups  
₹30 rupees



3 tea cups  
₹45 rupees



Measurement  
Tape

Barter system limitation → Money was invented', to serve two primary functions

पैसे के प्राथमिक कार्य/ उपयोगिता क्या है?

## 1) Measure of value (मूल्य का मापक)

- gm=weight, ml=volume, Rs. =value
- Money = Divisible & **fungible** [Rs.2000= Rs.500 x 4 Nos.]

What is **fungible**? Ans. NFT in  
Sunday Lecture

Money₹ can measure the value of

Labour

Capital

Land

company

Govt's

Country

wage;

Interest  
dividend;

Rent, per  
sqft price

profit loss,

Budget

import-  
export ,  
GDP

# Barter system limitation → Money: primary functions (2)

पैसे के प्राथमिक कार्य/ उपयोगिता क्या है?



## 1) Measure of value (मूल्य का मापक)

- Money = Divisible & **fungible** [Rs.2000= Rs.500 x 4 Nos.]
- gm=weight, ml=volume, Rs. =value
- Labour- wage; capital- interest/dividend; land-rent; balance sheet, Budget,

What is **fungible**? Ans. NFT  
in sunday Lecture



## 2) Medium of exchange / transaction (विनिमय का माध्यम)

- Tomato→sell→Rs→buy wheat / mango.
- Money is hard to **Counterfeit, Durable, Portable, Acceptable**
- **White Money:** transactions declared to Govt. सफेद धन जो सरकार से छुपाया नहीं जाता
- **Black money:** Not declared to Income Tax / GST authorities. काला धन जो सरकार से छुपाया जाता है [More with Pillar#2: budget/taxation]

Barter Limitation थी इसलिए → Money का जन्म हुआ जो देता →  
→ Primary function | Secondary functions



DVD

Primary function:

प्राथमिक

Store of “DATA”

प्राथमिक कार्य के चलते  
नए सहायक कार्य

Secondary /  
derivative functions

Provider of music,

Entertainment,

Education



CAR was invented

☺ PRIMARY function: (प्राथमिक कार्य)

SPEEDY transport

☺ Secondary function (सहायक गौण कार्य )

Comfort, AC, Security

## 1.2) Primary functions → derivative / secondary functions (S-T-D)



### Measure of value

- Weight- grams
- Volume- ml
- Wage - Rs.

प्राथमिक कार्य के चलते  
नए सहायक कार्य

### Medium of exchange

- Tomatoes→sell→\$
- \$→buy→wheat



### 1) Store of Value (Salary → Savings)

- मूल्य का संचय
- White (salary in bank- linked with PAN card)
- Black (Bizman hiding profit in cash under his pillow, not declaring in IT/GST authorities)

आपने जो मजदूरी की....

उसके मूल्य का आप  
संचय कर सकते हैं  
पैसों के रूप में



## 1.2) Primary functions → derivative / secondary functions (S-T-D)

पैसों के ये सहायक कार्य है



Soldier in Kashmir  
can send ₹₹ to  
parents in Kerala



### Measure of value

- Weight- grams
- Volume- ml
- Wage - Rs.

प्राथमिक कार्य के चलते नए सहायक  
कार्य

### Medium of exchange

- Tomatoes→sell→buy
- \$→buy→whatever



#### 1) Store of Value (Salary → Save)

- मूल्य का संचय
- White (salary in bank- linked with PAN)
- Black (Bizman hiding profit in cash under his pillow, not declaring in IT/GST returns)

#### 2) Transfer of Value मूल्य का स्थानांतरण

- Soldier in Kashmir → send salary to parents in Kanyakumari

संचय किए हुए मूल्य को  
दूसरी जगह भेज भी सकते हैं

1) Want to buy Iphone ₹70,000 but I don't have that much money 😢 मेरे पास इतनी रकम नहीं है



2) I'll loan you money @20% interest for 2 years. हाँ तो मैं तुमको कर्ज देता हूँ  
So repay me

$$₹70k + ₹14k \text{ interest} = ₹84,000$$

3) ₹84,000/24 months = ₹3,500 installment per month.  
किस्तों में पैसा वापस कीजिए



## 1.2) Primary functions → derivative / secondary functions (S-T-D)

primary

### Measure of value

- Weight- grams
- Volume- ml
- Wage - Rs.

प्राथमिक कार्य के चलते  
नए सहायक कार्य

### Medium of exchange

- Tomatoes→sell→\$
- \$→buy→wheat



#### 1) Store of Value (Savings => Investment)

- मूल्य का संचय
- White (salary in bank- linked with PAN)
- Black (Bizman hiding profit in cash under his pillow, not declaring in IT/GST returns)

#### 2) Money helps in Transfer of Value

- मूल्य का स्थानांतरण
- Soldier in Kashmir to parents in Kanyakumari

कर्जे पर / किश्तों में सामान खरीद सकते हैं

#### 3) Money works as Std. of Deferred Payments

- स्थगित भुगतानों का मानक
- Price Iphone 11: ₹ 70,000.
- Buy iphone11 @3500 only per month x 24= 84,000
- (Time value of Money / interest)

Emoji= faster revision.

## Hindi translation

### 10.2 🍎蝶 BARTER SYSTEM & ITS DISADVANTAGES: (वस्तु विनिमय प्रणाली)



Barter system was introduced by Mesopotamian tribes. Barter system has following challenges: (चुनौतिया )

- Double co-incidence of Wants (आवश्यकताओं का दोहरा संयोग नहीं होगा तो व्यापार असंभव),
- Search Cost & Transaction cost is high. (सही दाम पर चीज ढूँढ़ने व लेनदेन की लागत बढ़ जाती है)
- Storage of perishable commodities is difficult, results in loss of value. (नाशवान वस्तुओं का मूल्यहास)
- Doesn't encourage specialization and division of labour (श्रम विभाजन को प्रोत्साहित नहीं करता).

### 10.3 💰 MONEY: FUNCTIONS OF (पैसे के कार्य)

Primary [प्राथमिक] 2functions	Secondary (S-T-D) [सहायक] 3functions	Contingent [प्रासंगिक] 3
1. Measure of Value (मूल्य का मापक). gm=wt, ml=vol, ₹=value	1. Store of Value (मूल्य का संचय) 2. Transfer of Value (मूल्य का स्थानांतरण). Soldier in Kashmir to parents in Kanyakumari 3. Deferred Payments (स्थगित भुगतानों का मानक). E.g. Buy iphone12 @₹3177 only per month x 36 months' Equated Monthly Installments (EMIs) = ₹1,14,372. Actual price is ₹79,900, but ₹34,472 extra Interest. (व्याज पर किश्तों में खरीदारी संभव)	1. Basis of credit system, Financial markets (share, bond etc.: More in Pillar#1C-sharemarket) वित्तीय बाजार का आधार है पैसा 2. Employing factor of production i.e. Land, Labour, Capital (More in Pillar#4C) उत्पादन के कारक जुटाने में मदद करता है 3. Creation & Redistribution of National Income via taxation. (Pillar#2) अमीरों पे ज्यादा कर वसूल के राष्ट्रीय आय के पुनःवितरण करने में मदद
2. Medium of Exchange (विनिमय का माध्यम). Buy & Sell goods and services using money as the 'medium'.		



यूपीएससी के बाबू शोने

मैं इसको पूरा साल लेकर बैठा रहूँगा. मेरे को इसी पे 500 पीएचडी प्रश्न & counter arguments हैं

नहीं कल सुबह तक रद्दा मारो जिदाबाद.

- 👉 No need to read in advance.
- But once I'm finish teaching a particular topic, read it from handout. Either Same night OR next morning



# Money helps mobilizing factors of production

उत्पादन के कारकों को जुटाने में मदद करता है- पैसा ।

“factors of production” (more in pill4B)



Land ₹x/sq.ft



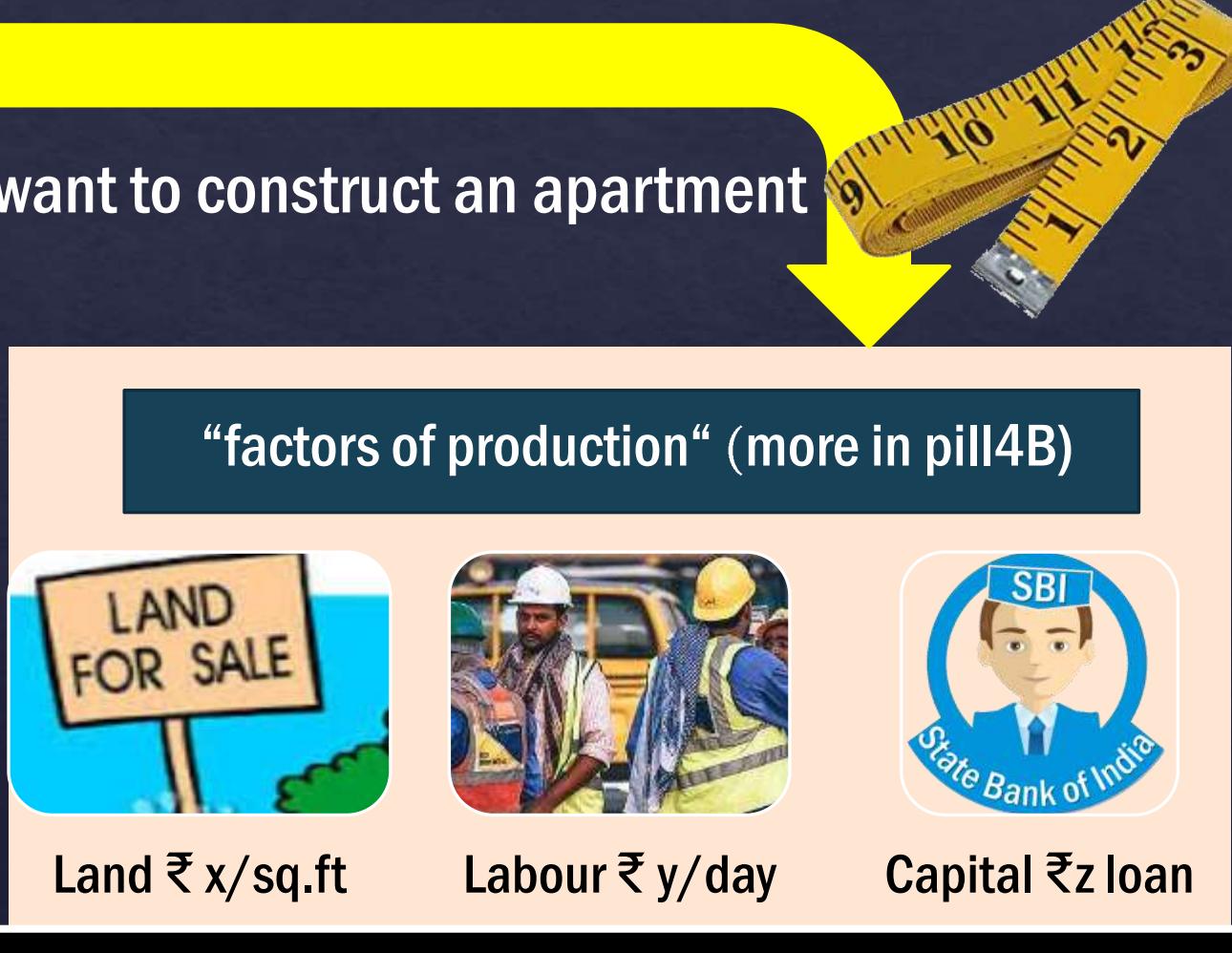
Labour ₹y/day



Capital ₹z loan

# Money helps mobilizing factors of production

उत्पादन के कारकों को जुटाने में मदद करता है- पैसा ।



उत्पादन के लिए- जमीन, मजदूर और पूँजी चाहिए- जिनका मूल्य कम पैसों में नाप सकते हैं

# Money: Circular flow of income

## वित्तीय मध्यस्थों द्वारा पैसों का चक्रीय प्रवाह



1) Income MINUS Expense  
=Savings → ..investment



- 2) Loan (Credit/Debt),
- 3) IPO-share-equity  
(More Pillar#1C)



Financial Intermediaries (FI: वित्तीय मध्यस्थों)

# Money: Circular flow of income & Financial Intermediaries (FI)

वित्तीय मध्यस्थों द्वारा पैसों का चक्रीय प्रवाह



1) Income-Expense=Savings  
...investment



4) return on your  
investment



• 2) Loan (Credit/Debt),  
IPO-share-capital  
(Equity: Pillar#1C)



3) Interest, Dividend



कर्ज बाजार और वित्तीय बाजार का मूल/आधार स्तंभ है- पैसा 

### Money: Circular flow of income & Financial Intermediaries (FI)

वित्तीय मध्यस्थों द्वारा पैसों का चक्रीय प्रवाह



More in  
pillar#1C

Money is the basis of Basis of

1. Credit system (=loan)

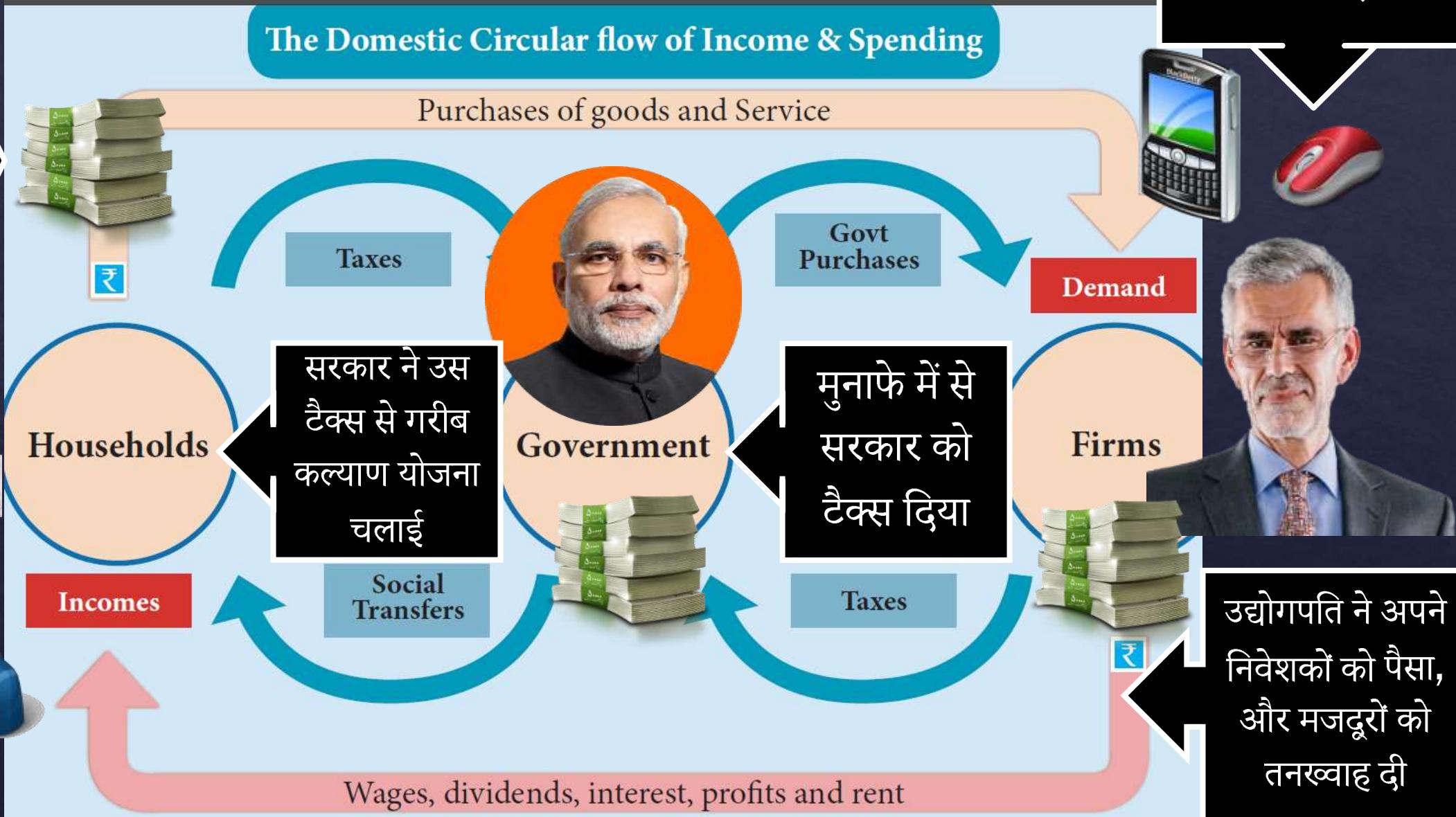
2. Financial markets (=share market, bond market etc)

# Money helps in circular flow of income

## आमदनी के चक्रीय प्रवाह में मद्द करता है -पैसा

सरकारी विभागों में  
सामान खरीदा गया

जनता ने  
सरकार को  
कर/टैक्स में  
पैसा दिया



# Money helps in redistribution of national income

राष्ट्रीय आय के पुनः वितरण में मदद करता है - पैसा

More in  
pillar 4C



30% income tax on rich

अमीरों की आय पर ज्यादा आयकर लगता है



5-20% income tax



0% income tax



# Money helps in redistribution of national income

राष्ट्रीय आय के पुनः वितरण में मदद करता है - पैसा

More in  
pillar 4C



30% income tax on rich



5-20% income tax



0% income tax



2) PM-KISAN Yojana: ₹6,000/year to  
farmer (₹ Pillar#4A)



1) Use ₹₹ for poverty  
removal अमीरों से टैक्स में  
पैसा लेकर गरीब कल्याण  
योजना में लगाएंगे

# Money's Contingent functions (प्रासंगिक कार्य )= new functions

## due to its primary & secondary function

✓ Primary (2)

Measure of Value

Medium of Exchange

✓ Secondary (STD)

Store value

Transfer Value

Deferred Payments

पैसों के प्राथमिक और सहायक कार्यों के चलते  
ये प्रासंगिक काम हो सकता

### Contingent Functions

Basis of credit system,  
Financial markets

Employing factor inputs

Creation &  
Redistribution of  
National Income

Money: Circular flow of income & Financial Intermediaries (F)

वित्तीय मध्यस्थों द्वारा पैसों का चक्रीय प्रवाह



Primary + Secondary functions

→ helps doing Contingent  
functions पैसों के प्राथमिक और सहायक  
कार्यों के चलते ये प्रासंगिक काम हो सकता

# Money's Contingent functions= new functions due to its primary & secondary function

✓ Primary (2)

Measure of Value

Medium of Exchange

✓ Secondary (STD)

Store value

Transfer Value

Deferred Payments

पैसों के प्राथमिक और सहायक कार्यों के चलते  
ये प्रासंगिक काम हो सकता

Contingent Functions

Basis of credit system,  
Financial markets

Employing factor inputs

Creation &  
Redistribution of  
National Income

Money helps mobilizing factors of production

उत्पादन के कारकों को जुटाने में मदद करता है- पैसा।



उत्पादन के लिए- जमीन, मजदूर और पूँजी चाहिए- जिनका मूल्य कम पैसों में नाप सकते हैं

Money: Circular flow of income & Financial Intermediaries (F)

वित्तीय मध्यस्थों द्वारा पैसों का चक्रीय प्रवाह



2) Loan (Credit/Debt),  
IPO-share-capital  
(Equity: Pillar#1C)



3) Interest, Dividend



4) return on your  
investment

# Money's Contingent functions= new functions due to its primary & secondary function

✓ Primary (2)

Measure of Value

Medium of Exchange

✓ Secondary (STD)

Store value

Transfer Value

Deferred Payments

पैसों के प्राथमिक और सहायक कार्यों के चलते  
ये प्रासंगिक काम हो सकता

## Contingent Functions

Basis of credit system,  
Financial markets

Money: Circular flow of income & Financial Intermediaries (FI)

वित्तीय मध्यस्थों द्वारा पैसों का चक्रीय प्रवाह



Employing factor inputs

Money helps mobilizing factors of production

उत्पादन के कारकों को जुटाने में मदद करता है- पैसा।



Creation & Redistribution of National Income

Money helps in redistribution of national income

राष्ट्रीय आय के पुनः वितरण में मदद करता है - पैसा

More in pillar 4C



## **Money's Contingent functions= new functions due to its primary & secondary function**

**✓ Primary (2)**

**Measure of Value**

**Medium of Exchange**

**✓ Secondary (STD)**

**Store value**

**Transfer Value**

**Deferred Payments**

**Contingent Functions**

**Basis of credit system, Financial markets**

**Employing factor inputs**

**Creation & Redistribution of National Income**

**Money helps mobilizing factors of production**  
उत्पादन के कारकों को जुटाने में मदद करता है - पैसा।

I want to construct an apartment

"factors of production" (more in pillar 4B)

Land ₹ x/sq.ft   Labour ₹ y/day   Capital ₹ z/loan

उत्पादन के लिए- जमीन, मनufacture और सुधू की चाहिए- जिनका मूल्य कम पैसों में नाप सकते हैं

**Money: Circular flow of income & Financial Intermediaries (FI)**  
वित्तीय मञ्चों द्वारा पैसों का चक्रीय प्रवाह

1) Income-Expense-Savings-Investment  
2) Loan (Credit/Debt), IPO-share-capital (Equity, Pillar 1C)  
3) Interest, Dividend

**Money helps in redistribution of national income**  
राष्ट्रीय आय के बहुत वितरण में मदद करता है - पैसा

More in pillar 4C

30% income tax on rich  
5-20% income tax  
Use ₹ for poverty removal अमेरिका से टैक्स में पैसा लेकर गार्डीन कल्याण योजना में



## यूपीएससी के बाबू शोने

-  No I want to do great intellectual counter argument against what you taught in contingent function.
  - मेरे को इसमें ऐतराज है मेरा इसमें अलग बुद्धिजीवी दलील करनी है

I'm not interested because  
not important for exam.  
#  થોડા-પઢો-આગે-બઢો



# Economy Pillar1A1: Money Barter to Bitcoin

Barter system →

Money functions & Types



Commodity  
Money

Edu Doubt?  
Ask through



Metallic  
Money

Audio/Video  
Problem?



Paper  
/ Fiat money/  
legal tender

Bank Money,  
deposit  
money  
**Digital**  
Payment

Crypto  
Currency.  
CBDC. NFT  
blockchain  
tech.

Continued

I've received your questions through google form.  
**DONOT worry, they'll be replied in a PDF file on Wednesday**



Chatbox mein  
Charcha



google form  
se doubt



### Economy Course at Unacademy Plus for UPSC-CSE

Please put your doubts and queries corresponding to the session clear it in weekly PDF file at <https://unacademy.com/course/mr-upsc-prelims-mains-2022/PIP8497F>

आपके प्रश्न मुझे मिले हैं।  
निश्चित रहिए आपको reply  
मिलेगा

Wednesday pdf में

Sachin	3	Pre ke liye aapki question	Mai hindi medium student hu.
Rakeshbhati	1	Worksheet	New student bhi hu
Argha Dey	1	1) Economy Lecture	Mujhe English thodi km smjh pta hu agr bilingual
yash_tj	1	2) Strategy / Preparation	I'll reply to your question Next week's Doubt-PDF in your course page → "Updates" Tab. I personally reply to all questions. In previous batches, no question has remained unanswered, as long as it was within reasonable limits.
Izhar	1	2) Strategy / Preparation	sir my subscription will over on 27/10/2023 so i s
ANANDRAJ-3960	2	Strategy / Preparation	Sir, I have attended your strategy plan video, but
Mahanthesh naik R	2	Strategy / Preparation	Namaste Sir,sir mai jan na chahta hu ki prelims 2
Sweta	1	Strategy / Preparation	Basically iam form science back ground that's w
Akash Priyadarshi	1	7) Plan-B / Career Backd	Sir, I have completed my Graduation in Computer
the_rahul_ahir	1	Strategy / Preparation	If i take PCB8-RAFTAAR + WIN23 + Mains class
SUMAN DEBNATH	1	Economy for gpsc	Is your course enough or should i study anything
	1	1) Economy Lecture	Sir my upsc target year is 2024 and I will give my
Rajesh	Strategy / Preparation	Rajesh	Sir i have completed Environment, Physical Ge
unacademy-user-PYLFF	Economy Lecture	Contingent function	And i am regular follower of you Daily Current Pi
Vishali Sharma	Strategy / Preparation	Sir I want to know whether i should take out print	
Vishali Sharma	Plan-B / Career Backd	Sir I have completed my graduation this year. Si	
saheen anjum hoque	Mock Test for Prelims	i appeared upsc prelin i appeared upsc prelims but didnt clear 4 attem	
dix suraj	Technical issues in cla	Mock Test for Prelims . Sir, How to download economic quizzes in pdf form	
Bhavya Sharma	Optional selection	Sir, I am not able to download EF4D_HDT_GNP	
Semanti22kumar	2) Question regarding eligib	Sir, many websites and videos State that As Soc	
rishabh.dev	Strategy / Preparation	Is it so??	
Gulfam	1) Economy Lecture	I have an unpaid credit card loan of Rs 10K, but	
Pushkar2201	2) Strategy / Preparation	Sir notes banane h kya	
ABDULLASHAIKH-5409	3) Optional selection	Sir My First attempt is 2024 so can I join this cou	
	4) Edu Doubt?	have some issue about	Hello sir! Sir I'm really in a mess! Sir I really need
	Ask through		Sir I am watching your PCB - 7 because my sub



## Try this

How many of the following is/are the secondary function(s) of money?

1. A medium of exchange विनिमय का माध्यम है पैसा
2. Helps storing the value. मूल्य संग्रह करता है पैसा
3. Unit of Value Measurement मूल्य नापने का एकम है पैसा
4. Facilitates the Transfer of value मूल्य स्थानांतरित करने में मदद करता है

Answer Codes

- A) Only one of these given function
- B) only two of these given functions
- C) Only three of these given functions
- D) All four

इसमें से कितने कार्य पैसे के सहायक कार्य क्या है?

- Vote in the votebox.
- ⚡ No need to type things in chatbox.

100% Surety

50:50

Skip

P  
Atte



## Try this- इसमे से कितने कार्य पैसे के सहायक कार्य हैं?

How many of the following is/are the secondary function(s) of money?

1. A medium of exchange विनिमय का माध्यम है पैसा primary
2. Helps storing the value. मूल्य संग्रह करता है पैसा
3. Unit of Value Measurement मूल्य नापने का एकम है पैसा primary
4. Facilitates the Transfer of value मूल्य स्थानांतरित करने में मदद करता है

Answer Codes

- A) Only one of these given function
- B) only two of these given functions
- C) Only three of these given functions
- D) All four

100% Surety

50:50

1.2) Primary functions → derivative / secondary functions (S-T-D)

Measure of value

- Weight- grams
- Volume- ml
- Wage - Rs.

प्राथमिक कार्य के चलते  
नए सहायक कार्य

Medium of exchange

- Tomatoes—>sell—>wheat

1) Store of Value (Savings => Investment)

- मूल्य का संचय
- White (salary in bank- linked with PAN)
- Black (Bizman hiding profit in cash under his pillow, not declaring in IT/GST returns)

2) Transfer of Value

- मूल्य का स्थानांतरण
- Soldier in Kashmir to parents in Kanyakumari

3) Std. of Deferred Payments

- स्थगित भुगतानों का मानक
- Price Iphone 11: ₹ 70,000.
- Jio buy iphone11 @3499 only per month x 24= 84000
- (Time value of Money / interest)



# Already covered in lecture#1



How to use Website? Student Doubt  
Resolution- google form?



Give me Super duper Gupt strategy & Time  
Planner



Shd I sit in this Economy course? (Target  
2023, 2024)



Handout & Powerpoint



Revision & Notes making



Topiclist: What are we studying?



Booklist: What do I need to read by myself

Audio/Video  
Problem?



CTRL

R

Edu Doubt?  
Ask through



ये सब चीजें  
हम पढ़ चूके हैं.  
नहीं देखा तो देख लेना



# Economy Pillar1A1: Money Barter to Bitcoin

Barter system →  
Money functions & Types



Commodity  
Money

Edu Doubt?  
Ask through



Audio/Video  
Problem?



CTRL

R

Paper  
/ Fiat money/  
legal tender

Bank Money,  
deposit money  
**Digital  
Payment**

Crypto /Virtual  
Currency using  
blockchain  
tech.

RAFTAAR~

# Intrinsic value (अंतर्भूत मूल्य)



- Yes we can use this **gold nugget** in **jewellery , computer motherboard etc**
- सोने के कण के विविध उपयोग है



- Yes we can use **blank paper** for writing **notes, making paper aeroplanes etc.**
- कोरे कागज के विविध उपयोग है

# Stage #1: Commodity money: has Intrinsic value (अंतर्भूत मूल्य)

2) Aztec: cocoa beans



A particular commodity used as 'measure of value'.

**10gm cocoa beans = 1 litre milk;**

**1,000 kilo cocoa beans = 5BHK house**

जब किसी वस्तु को ही हम दूसरी सभी चीजों का मूल्य नापने में  
इस्तेमाल करें तो वह पैसे की भूमिका अदा करती है

Cocoa bean: if u don't want to use it as money then u can use it for making chocolate. अगर पैसों के रूप में कोको बीज का इस्तेमाल नहीं करना तो आप उसे चॉकलेट बनाकर मौज करो - वह उसका अंतर्भूत मूल्य / उपयोग

# Stage #1: Commodity money: has Intrinsic value (अंतर्भूत मूल्य)



but challenges- इसमें बहुत सारी चुनौतियां हैं

सुवर्ण के टुकड़े

2) Aztec: cocoa beans



⌚ Perishable:  
fungus,  
moisture

India, Pacific: Cowries



- Division of labour ... ? ☹
- Value lost if tide (ज्वार) brings too many cowries

Fiji: Whale teeth



No value for outsiders; international trade..?

Crude gold nuggets



Uniformity,  
purity ☹?

सभी लोग अगर शंख ही ढूँढ़ते रहे समंदर किनारे तो  
NEET exam की पढ़ाई करके Doctor कौन बनेगा?

3) Solution  
“Mint” them,  
“Stamp” them  
=next stage

# Evolution of Money: Stage #2: Metallic Money: has Intrinsic value (अंतर्भूत मूल्य)



## Traders & Kings:

- stamped their marks on metal, for uniformity, purity.
- एकरूपता और शुद्धता की गारंटी के लिए अपना चिह्न लगा देते थे



## Gold Coins in India

- Indo Greek kings: issued gold coins in bilingual **Greek and Kharosthi**,
- **Kushana Kings**: issued GOLD coins, inspired from **Roman coins**. (NCERT)



## SELF STUDY on Coins in Ancient-Medieval India <ANY ONE. NOT ALL>

- History Lecture / PPT – Pratik Nayak / Arti Chhawri / Kondala sir (ENG).... Etc.
- **OR** If u don't have this book then refer through NCERT OR TN History Textbooks .
- **OR** Unacademy ke History Notes 2.0
- **OR** Nitin Singhania Art-Culture Ch.23 on Coins.

# What is hyperinflation? (will study more in Pillar4C)

महंगाई/मुद्रास्फीति बहुत ज्यादा बढ़ जाना



1 Mango  
supply

1) 1 mango = 1 \$

BEFORE



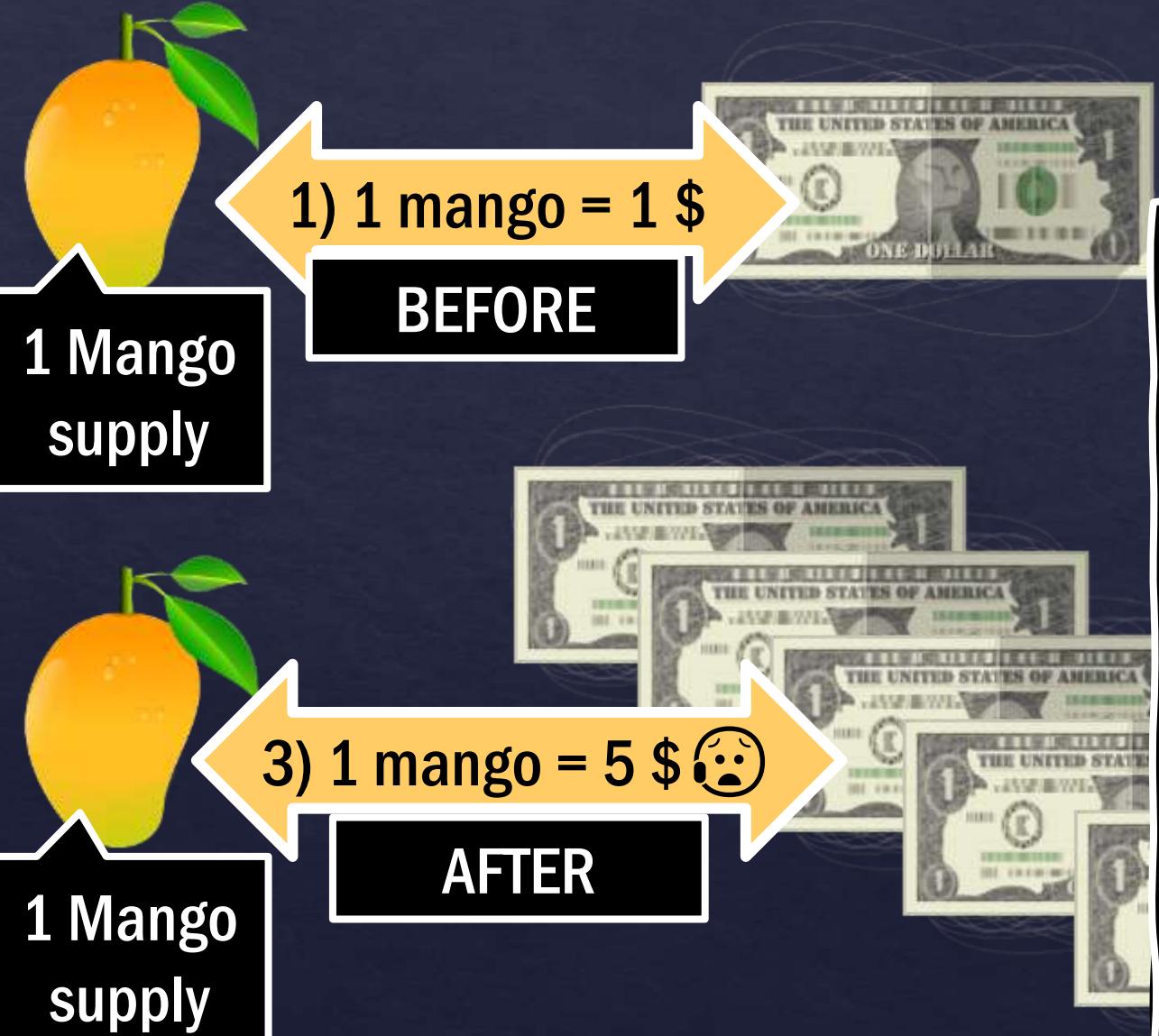
2) “Richard Nixon Garib Kalyan

SUITCASE LELO Yojana”:

- I'll **PRINT & give suitcase of 1 lakh \$\$ to every poor before election.**
- अगर दे-दनादन नोट छाप दिए तो बाजार में महंगाई बढ़ जाएगी 😠

# What is hyperinflation? (will study more in Pillar4C)

महंगाई/मुद्रास्फीति बहुत ज्यादा बढ़ जाना



## 2) “Richard Nixon Garib Kalyan

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अगर दे-दनादन नोट छाप दिए तो महंगाई बढ़ जाएगी 😠

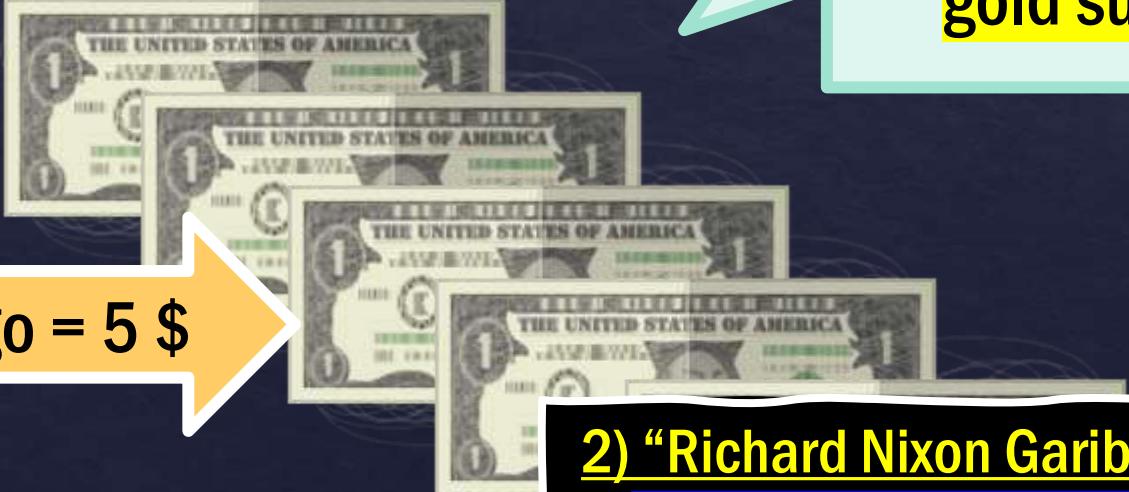
सोने के सिक्कों में यह तमाशा करना थोड़ा मुश्किल है, क्योंकि धातु की उपलब्धता ही मर्यादित है



1) 1 mango = 1 \$



3) 1 mango = 5 \$



- 4) What if too many PAPER currency notes are printed but not enough commodities in the market => could lead to hyperinflation.
- 5) difficult in gold coins, because gold supply itself is limited.



2) “Richard Nixon Garib Kalyan SUITCASE LELO Yojana”: I'll PRINT & give suitcase of 1 lakh \$\$ to every poor before election.

## Stage #2: Metallic Money: benefits? धातु के सिक्कों का फायदा



- ❖ Production low, Prices stable. Hyperinflation not possible.
- ❖ Metal's Intrinsic value (आंतरिक मूल्य) can use it to make jewellery, weapons, kitchen utensils)
- ❖ Non-perishable (गैर विनाशशील)
- ❖ Divisible: Melt-combine. **Fungible**
- ❖ Even foreign trade possible. (precious metal = universal appeal अंतरराष्ट्रीय व्यापार मुमकिन)

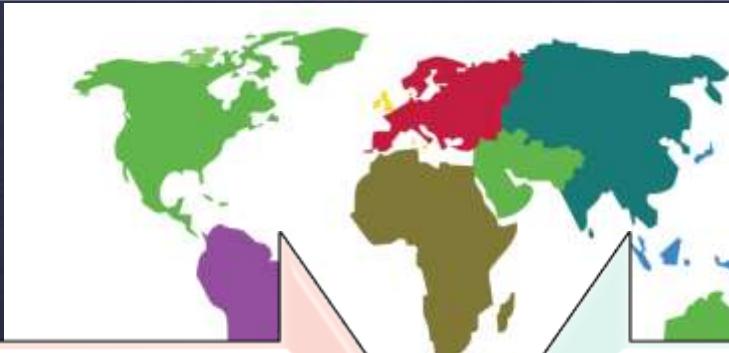


What is fungible?  
Ans. Wait till Sun/Monday lecture on **Non-Fungible Tokens**

Such basic concepts follow common sense, so not given in handout.  
Handout is for revision of things that may not stay in long-memory.

# awesomeness of coins in medieval India?

रोम और पर्शिया को निर्यात कर → विपुल माला में सोना → उम्दा सोने के सिक्के बनाए जाते



Import: Gold, silver, wine,  
slave girls

Export Pepper (Yavanpriya),  
spices, ivory, silk, sandalwood



- ↑ export = ↑ gold → ↑ tax / revenue to king
- ↑ Gold → AWESOME coins both in India and China. उम्दा सोने के सिक्के बनाए जाते



## BEFORE (Good quality coins)

- $\uparrow$  export =  $\uparrow$  gold  $\rightarrow$   $\uparrow$  tax / revenue to king  $\rightarrow$  good quality gold coins

Given in NCERT, so we've to prepare.



## AFTER (Bad quality coins)

- Weakening of ▼ Roman-Persian empires = India's Export ▼  $\rightarrow$   $\square$  in incoming gold = poor quality coins.
- रोम और पर्शियन साम्राज्य कमजोर हुआ भारत में कीमती धातु की आमदनी कम हुई  $\rightarrow$  सस्ती वाली धातु से सिक्के बनाना शुरू

# Barter limitation → Money: Evolution of



Commodity  
Money

Metallic  
Money

Paper  
/ Fiat money/  
legal tender

Bank Money,  
deposit money  
Digital  
Payment

Crypto /Virtual  
Currency using  
blockchain  
tech.

- Debasement
- Full bodied coins
- Token coins

continued

40 slides summarized in less than one page single side ...

For exam/ revision:  refer handout,  
 not PowerPoint.

#### Barter System



42



43



44



45



46



47



48



49



50



51

#### functions of money



52



53



54



55



56



57



58



- Double co-incidence of Wants (आवश्यकताओं का दोहरा संयोग).
- Search Cost & Transaction cost is high.
- Storage of perishable commodities is difficult, results in loss of value.
- Doesn't encourage specialization and division of labour (अम विभाजन).
- **Fungibility** problems:
  - **Fungible item**= Division & Mutual substitution possible e.g. 1kg gold bar = 100gm x 10 smaller bars, Currency Notes.
  - **Non-fungible** items example: Diamonds, shares-Bonds of different companies

#### 10.2 MONEY: FUNCTIONS OF (पैसे के कार्य)

Primary [प्राथमिक]	Secondary (S-T-D) [सहायक]	Contingent [प्रासंगिक]
<ol style="list-style-type: none"> <li>1. Measure of Value (मूल्य का मापक). gm=wt, ml=vol, ₹=value</li> <li>2. Medium of Exchange (विनियम का माध्यम). Buy &amp; Sell</li> </ol>	<ol style="list-style-type: none"> <li>1. Store of Value (मूल्य का संचय)</li> <li>2. Transfer of Value (मूल्य का स्थानांतरण). Soldier in Kashmir to parents in Kanyakumari</li> <li>3. Deferred Payments (स्थगित भुगतानों का मानक). Airtel buy iphoneX @3499 only per month x 24 months = ₹ 83976/-</li> </ol>	<ol style="list-style-type: none"> <li>1. Basis of credit system, Financial markets</li> <li>2. Employing factor inputs</li> <li>3. Creation &amp; Redistribution of National Income</li> </ol>

Match the following, AR, 2TF/3TF... type of questions can be asked.

# Copper “daam” coins



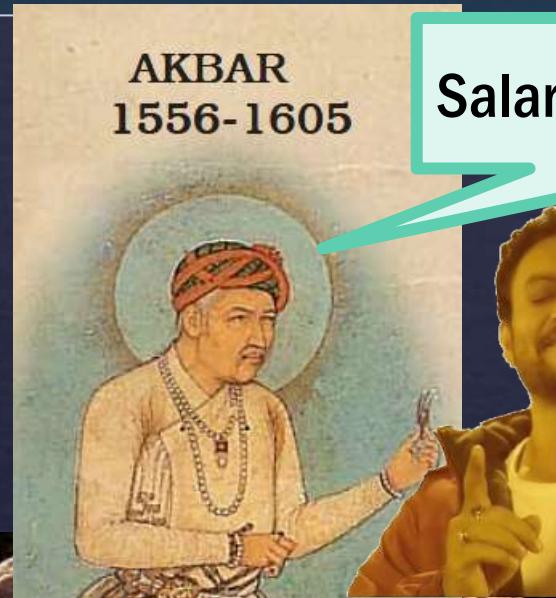
Salary to 29 Mansabdars  
(imagine them as senior IAS officers)



20 gm

# Debasement of Copper “daam” by Aurungzeb

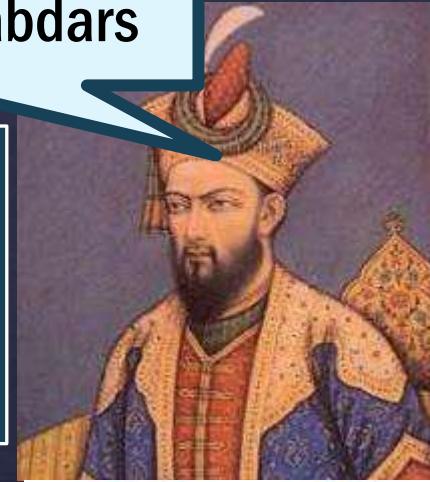
सिक्के में से धातु की मात्रा को कम करना



Salary to 29 Mansabdars

Salary to 79 Mansabdars

This is not “Demonetization”  
He simply issued coins with  
less qty of metal.



20 gm

13 gm

लेकिन हम कम धातु वाले सिक्के क्यों इस्तेमाल करेंगे? हम नहीं करेंगे!  
यह राजा तो कमज़ोर है (- ordinary citizens)

# Debasement of Copper “daam” by Aurungzeb

सिक्के में से धात की माला को कम करना



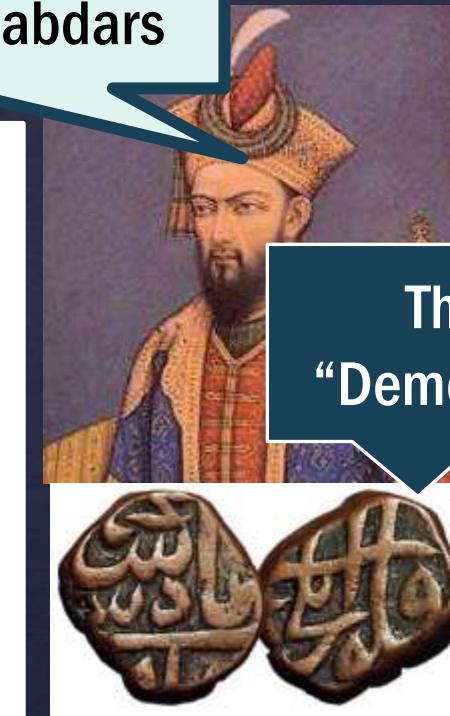
20 gm

Salary to 29 Mansabdars

Salary to 79 Mansabdars

People faith in Aurungzeb coin ▾

1. Barter system
2. Tax collection
3. Later, entry of East India co
4. Post 1857 mutiny: Rupee with British monarch & queen face.  
(Sanskrit word “Rupyak”)



13 gm

This is not  
“Demonetization”

# Barter limitation → Money: Evolution of



Commodity Money



Metallic Money



Paper / Fiat money/  
legal tender



Bank Money,  
deposit money  
Digital  
Payment



Crypto /Virtual  
Currency using  
blockchain  
tech.

- Debasement = reducing metal in coin.
- Full bodied coins
- Token coins

RAFTAAR~

# Full Bodied Coins: Intrinsic Value is equal(=) or Greater (>) than Face Value

जिसमे कीमती धातु दबा-दबा कर भरी है



**Face Value**  
(अंकित मूल्य)

= 10 cents

= 0.10\$



**Intrinsic Value** of silver inside it = \$2.10  
(अंतर्भूत मूल्य: पिघलाई हुई धातु का वजन के हिसाब से मूल्य)

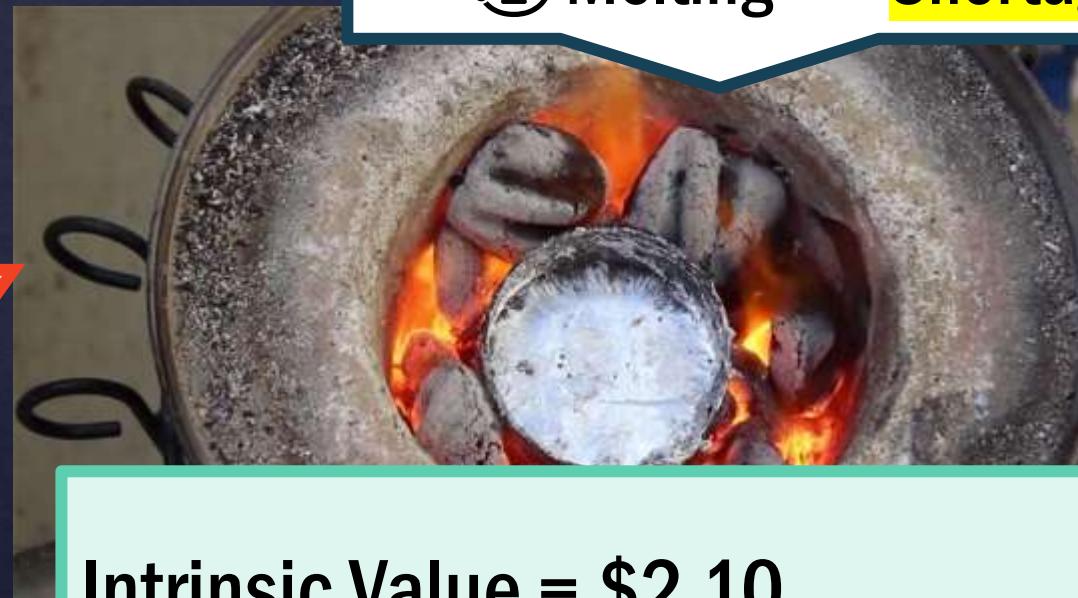
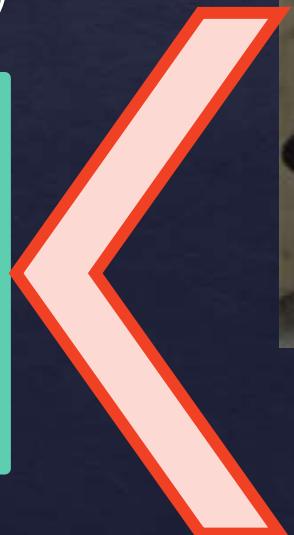


# Full Bodied Coins: Intrinsic Value is equal(=) or Greater (>) Face Value

## जिसमे कीमती धातु दबा-दबा कर भरी है



Face Value  
(अंकित मूल्य)  
= 10 cents  
= 0.10\$

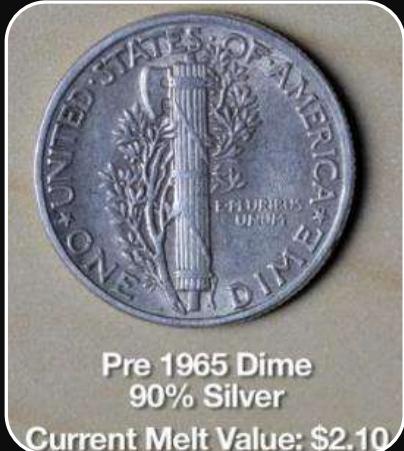


Intrinsic Value = \$2.10  
(अंतर्भूत मूल्य: पिघलाई हुई धातु का वजन के हिसाब से मूल्य)

- 😢 Hoarding, because after 10 year metal will become more precious. जनता ऐसी सिक्कों का इस्तेमाल नहीं बल्कि संग्रहखोरी करेगी
- 😢 Melting → Shortage of coins

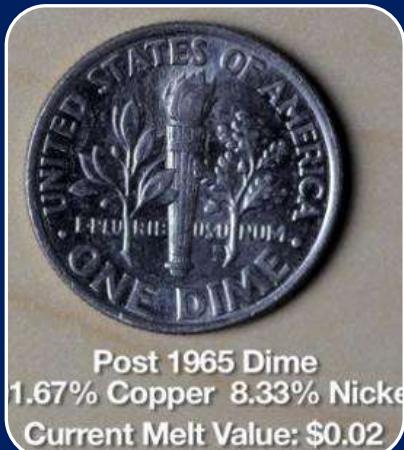
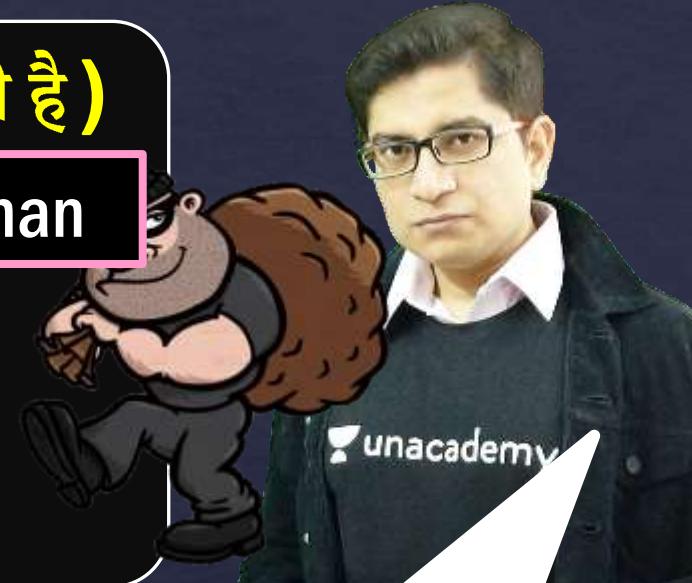


## Stage #2: Metallic Money Types of Coins



### Full Bodied Coins (कीमती धातु दबा-दबा कर भरी है)

- US Ten Cents before 1965 Equal to or greater than
- Intrinsic Value (अंतर्भूत)=or > Face Value (अंकित मूल्य)
- Melting, Hoarding, Shortage
- Melt value of Silver \$2.10 > Face Value \$0.10



### Token Coin (प्रतीककात्मक)

- कीमती धातु दबा-दबा कर नहीं भरी है
- US Ten Cents After 1965: 92% copper, 8% nickel
- Melt Value \$0.02 < Face Value (\$0.10)
- Intrinsic Value (अंतर्भूत)< Face Value (अंकित मूल्य)

Exact weight and figures are not important. Just understand the motive..

**When intrinsic value of metal is > face value**  
**मूल्यवान धातु के लिए बदमाश लोग सिक्कों को पिघला देते हैं**

## **Indian coins being turned into razor blades in Bangladesh**

Cities | Press Trust of India | Updated: December 18, 2009 20:33 IST



**5 blades x Rs. 2 each = 10 rupees**

# When intrinsic value of metal is > face value

मूल्यवान धातु के लिए बदमाश लोग सिक्कों को पिघला देते हैं

## Indian coins being turned into razor blades in Bangladesh

Cities | Press Trust of India | Updated: December 18, 2009 20:33 IST



5 blades x Rs. 2 each = 10 rupees

Reform#1

→ Coinage act 2011: Melting: Upto 7 years Jail + fine under

Reform#2



+ putting higher face value  
on smaller sized coins.

cupronickel = less useful for smugglers

# Barter limitation → Money: Evolution of



Commodity Money



Metallic Money



Paper / Fiat money/  
legal tender



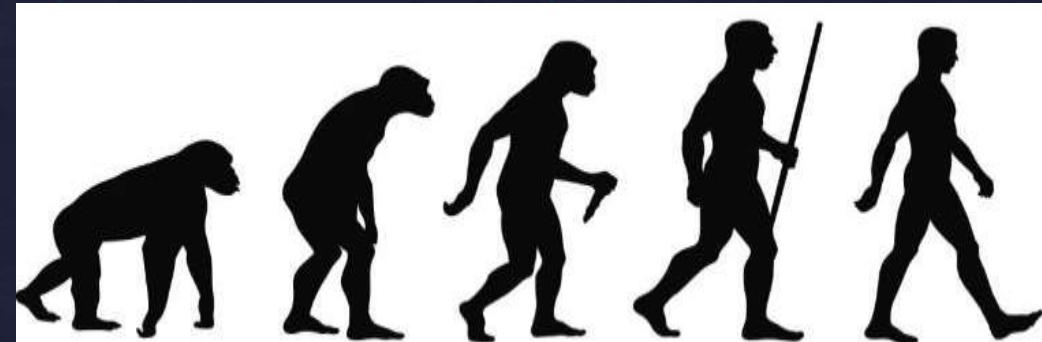
Bank Money,  
deposit money  
digital  
payment



Crypto /Virtual  
Currency using  
blockchain  
tech.

## Types of coins

- Full bodied coins
- Token coins



# Shortage of metal → Towards paper currency

## व्यापारी मंडल धातु के सिक्के के बदले में चिट्ठी /रसीद लिखकर दें देते थे

### ❖ 😢 Metallic Money challenges:

- ❖ Shortage of metal सिक्के बनाने के लिए धातु आपूर्ति की किल्लत
- ❖ Bulky to transport over long distance वजनदार होने के चलते लंबे अंतर तक ले जाना मुश्किल

### ❖ so Merchant guilds issue paper receipts / notes.

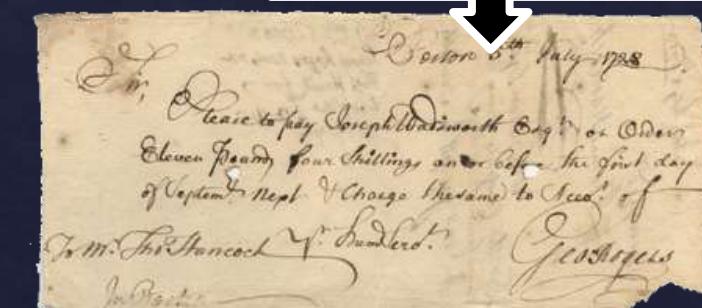
- These paper receipts were accepted because of 'trust'. → Hence called Fiduciary money. व्यापार मंडल पर विश्वास के चलते ऐसी कागज की पर्चियों को लोग स्वीकारते थे
- ⚡ this is not an imp term for exam so don't lose sleep over it. I've deliberately not given in Handout.



deposit  
↓



issue  
↓



कागज की चिट्ठी

Metallic money → Paper currency → Indian fiat money: who issues what?

Fiat= legally binding command / order वैधानिक / कानूनन आदेश

### Govt: Coinage Act 1906 (amend in 2011)



- Permitted to make coins upto Rs.1,000
- Rs. 1 Note signed by Finance Secretary (IAS)
- [ceased printing ₹1 note in 1994 due to costs, restarted in 2017-18 but GK not imp]



₹1000 तक के सिक्के सरकार जारी करती है

₹1 का नोट सरकार जारी करती है

₹1 के नोट पर वित्त सचिव के हस्ताक्षर



# Metallic money → Paper currency → Indian fiat money: who issues what?

Fiat= legally binding command / order वैधानिक / कानूनन आदेश

## Govt: Coinage Act 1906 (amend in 2011)



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- Rs. 1 Note by Fin.Secy
- [ceased printing ₹1 note in 1994 due to costs, restarted in 2017-18 but GK not imp]



## RBI under RBI Act 1934



- 1938: First ₹ 5...max ₹10,000
- Present: Rs. 2 to 2000. although Rs.2 not printing regularly.
- These “Bank notes” are signed by RBI Governor



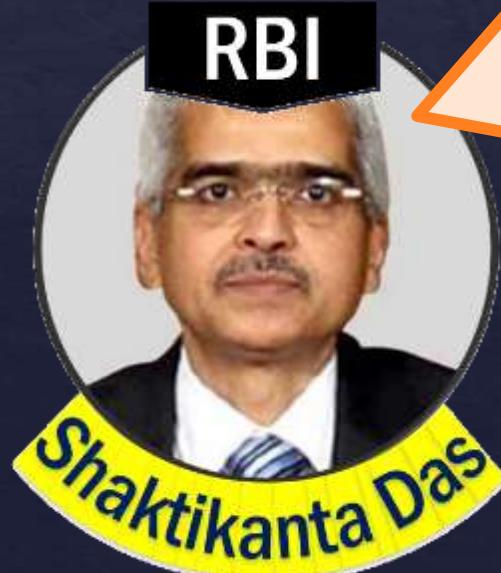
# Alternatively... Indian Fiat Money

All Coins  
& Rs.1  
note



Finance Secretary  
to sign ₹1 note

RBI



Whatever is out the  
Blue circle Venn  
diagram.  
I print it under  
RBI Act.

# Who is the present finance Secretary ? Ans= ✋ not important.

Senior IAS officer Debasish Panda appointed new finance secretary

Panda, a 1987-batch IAS officer of the Uttar Pradesh cadre, is at present special secretary, department of financial services

Press Trust of India | New Delhi  
Last Updated at February 13, 2020 21:18 IST



Recommendation of  
**2 Stocks Monthly** Quality Research  
Rs.1200/- for 6 Months Subscription  
MIDOMEGA



- ❖ Finance Secretary is a senior-IAS officer in Finance Ministry.
- ❖ They get transferred / retired at irregular intervals
- ❖ So, as ‘person in news’ not imp for UPSC exams.
- ❖ Because if UPSC framed a question, answerkey may become invalid if he’s transferred in between. So those smart examiners usually avoid it.



# Coinage Act,: only Gol has right to mint coins..

## Maharashtra

- Mumbai

## W.Bengal

- Kolkata (Alipore)

RBI acts as an agent to circulate coins

## Telangana

- Hyderabad(Saifabad & Cherlapally)

## UP

- NOIDA

These places GK are not important for UPSC.

Where do they print, how do they print?



# Moral outrage & overthinking is not necessary

Q. Why does govt print one rupee note? Why not give that function to RBI!!!!!!? ऐसा क्यों है क्यों है? क्यों रिजर्व बैंक ही सारे सिक्के और नोट नहीं छाप देती?

Ans.

- ❖ Coinage Act says govt will issue all coins and Rs.1 note
- ❖ RBI Act says RBI will issue remaining currency notes.
- ❖ क्योंकि दोनों को छापने के कानून अलग हैं आपको बहुत गुस्सा आ रहा है तो आप मोदी जी को कहिए दोनों कानून को मिला दे
- ❖ So if you want RBI to print Rs.1 note then send request to your MP / PM Modi's twitter handle to amend the act. (दोनों कानून का एकीकरण करना होगा )
- ❖ (although it's not a pressing matter for them unlike Art.370/triple talaq / 10% EWS quota / GST.) so status quo is maintained. हालांकि यह कोई big matter नहीं जो सरकार इस पर बहुत गंभीरता से ध्यान दें
- ❖ No point in overthinking/ debating over chatbox / quora. Our objective = understand concepts, memorize factoids, pass the PRELIMS.



मेरे को झंडा लेकर इस मामले पर आंदोलन करना है कि “₹1 का नोट रिजर्व बैंक क्यों नहीं छापता है?” IAS की परीक्षा की तैयारी में अब मेरा दिल नहीं रहा मुझे बस झंडा ले के आंदोलन करना है



We are here for  
 परीक्षा पास करो.  
 दुनिया सुधारनी है  
(Afterwards)

# Who can contest the election for President of India?

राष्ट्रपति बनना है तो भारतीय नागरिक और आयु कम से कम 35 साल

BOTH conditions must be met simultaneously

President of India	Condition#1 must be Indian citizen AND	Condition#2 must be 35/>> age	Conclusion?
Virat Kohli 	<input checked="" type="checkbox"/>	✋ (34 yrs)	✋ NOT eligible
Jackie Chan 	✋	<input checked="" type="checkbox"/> (67 yrs)	✋ NOT eligible
Amitabh	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/> YES eligible

**Money = Physical or digital “Coin/NOTE” that can “MEASURE Value”**

पैसा वो चीज़ है जो भौतिक या डिजिटल सिक्के या नोट के स्वरूप में है और मूल्य नाप सकता है



1 tea cup  
₹15 rupees



2 tea cups  
₹30 rupees



3 tea cups  
₹45 rupees



Measurement  
Tape

# What is FIAT MONEY? दो शर्तें का एक साथ पालन होना चाहिए

BOTH conditions must be met simultaneously

Fiat Money EXAMPLES	Condition#1 Must in the form of Physical or digital “Coin/NOTE”, that can MEASURE Value	Condition#2 Must be issued by king/queen, government or central bank (RBI)	IS IT FIAT MONEY?
<ul style="list-style-type: none"><li>₹5 coin, ₹2000 Note</li><li>\$100, 20 YUAN</li><li>Marshall Island (SOV: digital coin)</li></ul>	<input checked="" type="checkbox"/> 	<input checked="" type="checkbox"/> 	YES

हाँ ये सब वैधानिक मुद्राएं हैं

**Money = Physical or digital “Coin/NOTE” that can “MEASURE Value”**

पैसा वो चीज़ है जो भौतिक या डिजिटल सिक्के या नोट के स्वरूप में है और मूल्य नाप सकता है



**More about Bitcoin in Sun/Monday Lecture.**

**1 Bitcoin = ₹23 lakh Rupees (in Jul 2021)**

# What is FIAT MONEY? दो शर्तें का एक साथ पालन होना चाहिए

BOTH conditions must be met simultaneously

EXAMPLES	Condition#1 Must in the form of Physical or digital “Coin/NOTE”, can “MEASURE Value”	Condition#2 Must be issued by king/queen, gov or central bank	IS IT FIAT MONEY?
<ul style="list-style-type: none"><li>₹5 coin, ₹2000 Note</li><li>\$100, 20 YUAN</li><li>Marshall Island (SOV: virtual coin)</li></ul>	<input checked="" type="checkbox"/> 	<input checked="" type="checkbox"/> 	<input checked="" type="checkbox"/> YES it is fiat money
<ul style="list-style-type: none"><li>Bitcoin, DogeCoin etc Non-Govt Cryptocurrency</li></ul>	<input checked="" type="checkbox"/> 	 private computer programmer	 NOT it not

**Money = Physical or digital “Coin/NOTE” that can “MEASURE Value”**

पैसा वो चीज़ है जो भौतिक या डिजिटल सिक्के या नोट के स्वरूप में है और मूल्य नाप सकता है



1 tea cup  
₹15 rupees



2 tea cups  
₹30 rupees



3 tea cups  
₹45 rupees



Measurement  
Tape

**Money = Physical or digital “Coin/NOTE” that can “MEASURE Value”**

पैसा वो चीज़ है जो भौतिक या डिजिटल सिक्के या नोट के स्वरूप में है और मूल्य नाप सकता है



1 tea cup  
1 creditcard



2 tea cups  
2 creditcard



3 tea cups  
3 creditcard



Measurement  
Tape



Credit Card, Debit Card = NOT measurement Unit

Therefore Card itself is NOT Money. It is an instrument / tool to use money.



**Money = Physical or digital “Coin/NOTE” that can “MEASURE Value”**

पैसा वो चीज़ है जो भौतिक या डिजिटल सिक्के या नोट के स्वरूप में है और मूल्य नाप सकता है



1 tea cup  
1 Cheque



2 tea cups  
2 Cheque



3 tea cups  
3 Cheque



Measurement  
Tape



Chequebook = NOT measurement Unit  
Therefore, Chequebook itself is NOT Money



# What is FIAT MONEY? दो शर्तों का पालन एक साथ होना चाहिए

BOTH conditions must be met simultaneously

## EXAMPLES



### Condition#1

Must in the form of  
“Coin/NOTE”, can  
“MEASURE Value”

वह सिक्के या नोट की शक्ल में  
होना चाहिए जो मूल्य नाप  
सकता है



### Condition#2

Must be issued by  
king/queen,  
government or  
central bank →

RESULT  
=IS IT  
FIAT  
MONEY  
?



- Credit Card,  
Debit Card



NOT नहीं है



NOT नहीं है →



NOT



- Chequebook,  
Demand Draft



NOT नहीं है



NOT नहीं है →



NOT

मुझे

Ph.d कराओ



UPSC के  
बाबूशोने



What if Govt gives money through cheque.

अगर सरकार चेक के द्वारा भुगतान करेगी

Then is it not fiat money? तो वो तो वैधानिक मुद्रा हुई ना!!  
क्योंकि सरकार ने जारी की है ?



भाई अभी तो बताया वो साधन हैं वो मुद्रा नहीं है!

Cheque is instrument to use money. (मुद्रा इस्तेमाल करने का साधन है)

Cheque itself is not money or fiat money. (स्वयं मुद्रा नहीं है )



Champion Race horse  
with blinkers on his eyes



Street bull without blinkers  
With Mind wandering in 25 directions

What is FIAT MONEY? दो शर्तें का पालन एक साथ होना चाहिए

BOTH conditions must be met simultaneously

EXAMPLES



Condition#1

Must in the form of  
"Coin/NOTE", can  
"MEASURE Value"  
वह सिक्के या नोट की शक्ति में  
होना चाहिए जो मूल्य नाप  
सकता है



Condition#2

Must be issued by  
king/queen,  
government or  
central bank →

RESULT  
=IS IT  
FIAT  
MONEY  
?



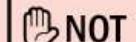
- Credit Card,  
Debit Card



NOT नहीं है



NOT नहीं है →



- Chequebook,  
Demand Draft



NOT नहीं है



NOT नहीं है →



Race track is complete. Moving to next track

What if govt pays in cheque?

What if govt owned SBI bank gives cheque

Once I become IAS officer I'll use credit card

# When they want money, they may issue securities/instruments to investors

जब इन्हें पैसों की आवश्यकता होती है ये निवेशकों को ऐसी प्रतिभूतियाँ जारी करते हैं



G-Sec, T-Bills

Invest money



Bond/Debenture

पैसा निवेश करो



Share/Equity

Invest money



More about G-Sec, T-bill, Share, bond in Pillar#1C

# When they want money, they may issue securities/instruments to investors

जब इन्हें पैसों की आवश्यकता होती है ये निवेशकों को ऐसी प्रतिभूतियाँ जारी करते हैं



G-Sec, T-Bills

Principal + Interest



Bond/Debenture

मूलधन और ब्याज कमाओ



Share/Equity

Dividend from profits



**Money = Physical or digital “Coin/NOTE” that can “MEASURE Value”**

पैसा वो चीज़ है जो भौतिक या डिजिटल सिक्के या नोट के स्वरूप में है और मूल्य नाप सकता है



1 tea cup  
1 Share/Bond



2 tea cups  
2 G-sec



3 tea cups  
3 T-Bill



Measurement  
Tape



G-sec, T-bill, Share, Bond= NOT measurement Unit  
Therefore they are NOT Money. instrument / tool for investment of money.



# What is FIAT MONEY? दो शर्तों का पालन एक साथ होना चाहिए अकेले अकेले नहीं

BOTH conditions must be met simultaneously

## EXAMPLES



### Condition#1 ↴

Must in the form of  
**“Coin/NOTE”**, can  
**“MEASURE Value”**  
वह सिक्के या नोट की शक्ति में  
होना चाहिए

### Condition#2

Must be issued by  
king/queen,  
government or  
central bank

## IS IT FIAT MONEY ?

- G-Sec, T-bill

✋ नहीं है नहीं है नहीं है

Yes govt issue

✋ NOT

- Share, bond

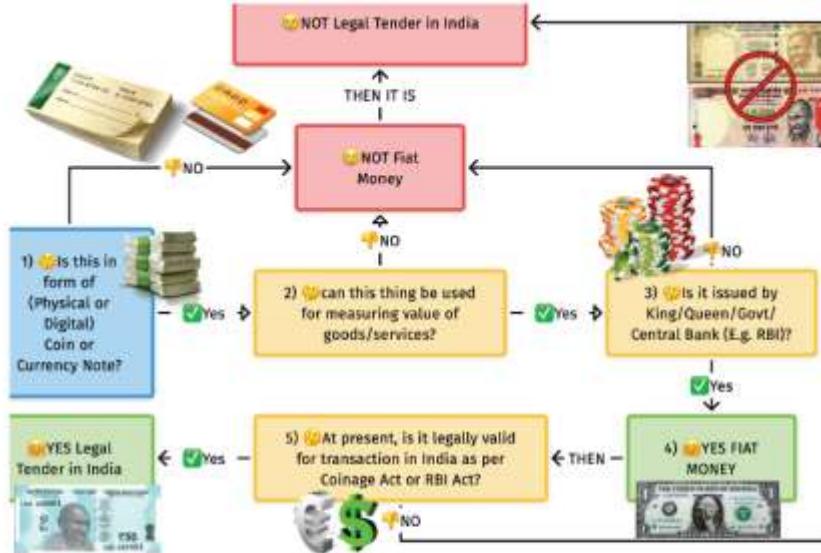
✋ नहीं है नहीं है नहीं है

✋ नहीं है नहीं है नहीं है

✋ NOT



More about G-Sec, T-bill, Share, bond in Pillar#1C

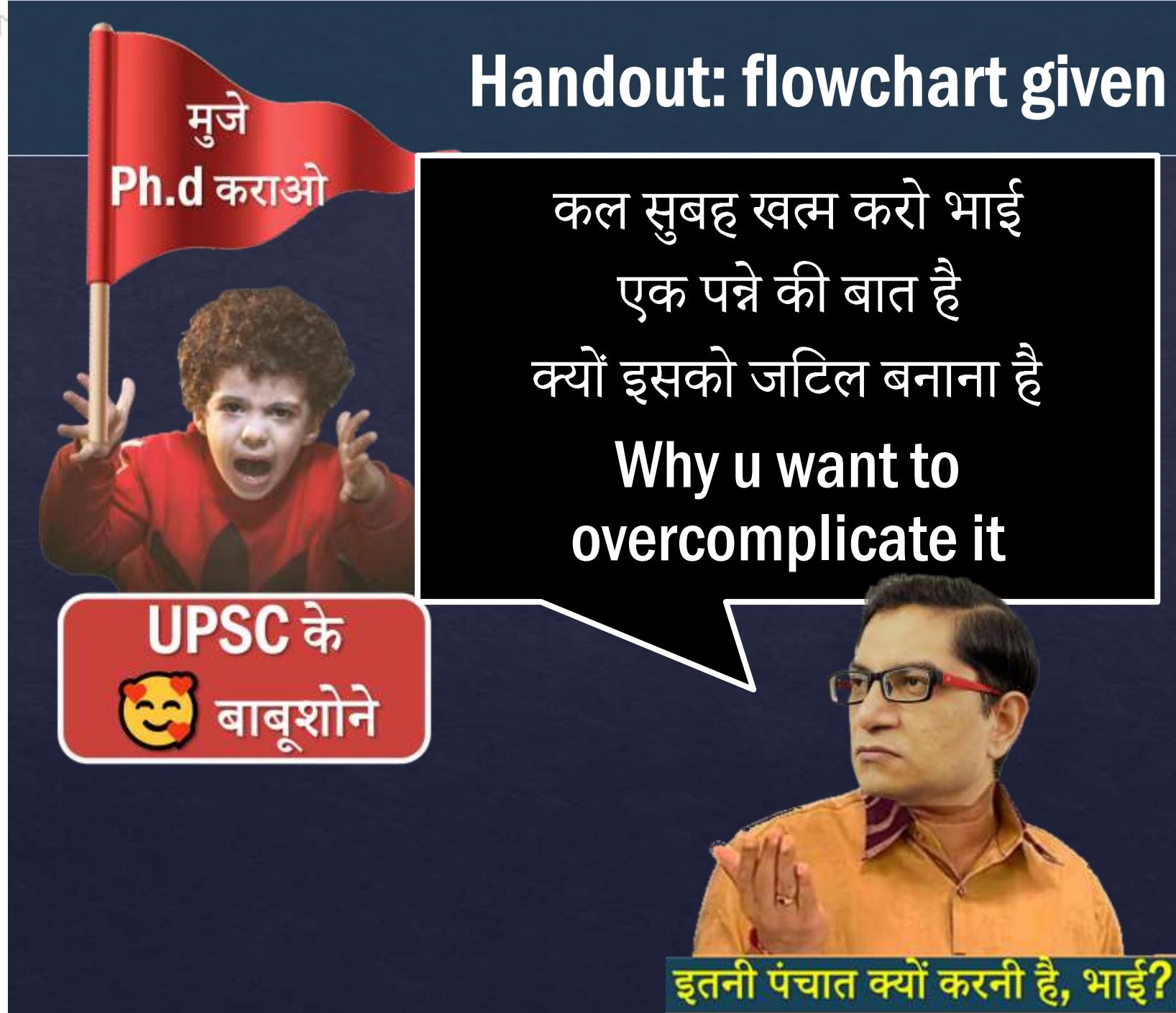


To become a 'legal tender', a given coin/currency MUST fulfil two conditions SIMULTANEOUSLY:  
एक समय की सर्वों के पूरा करना होता,

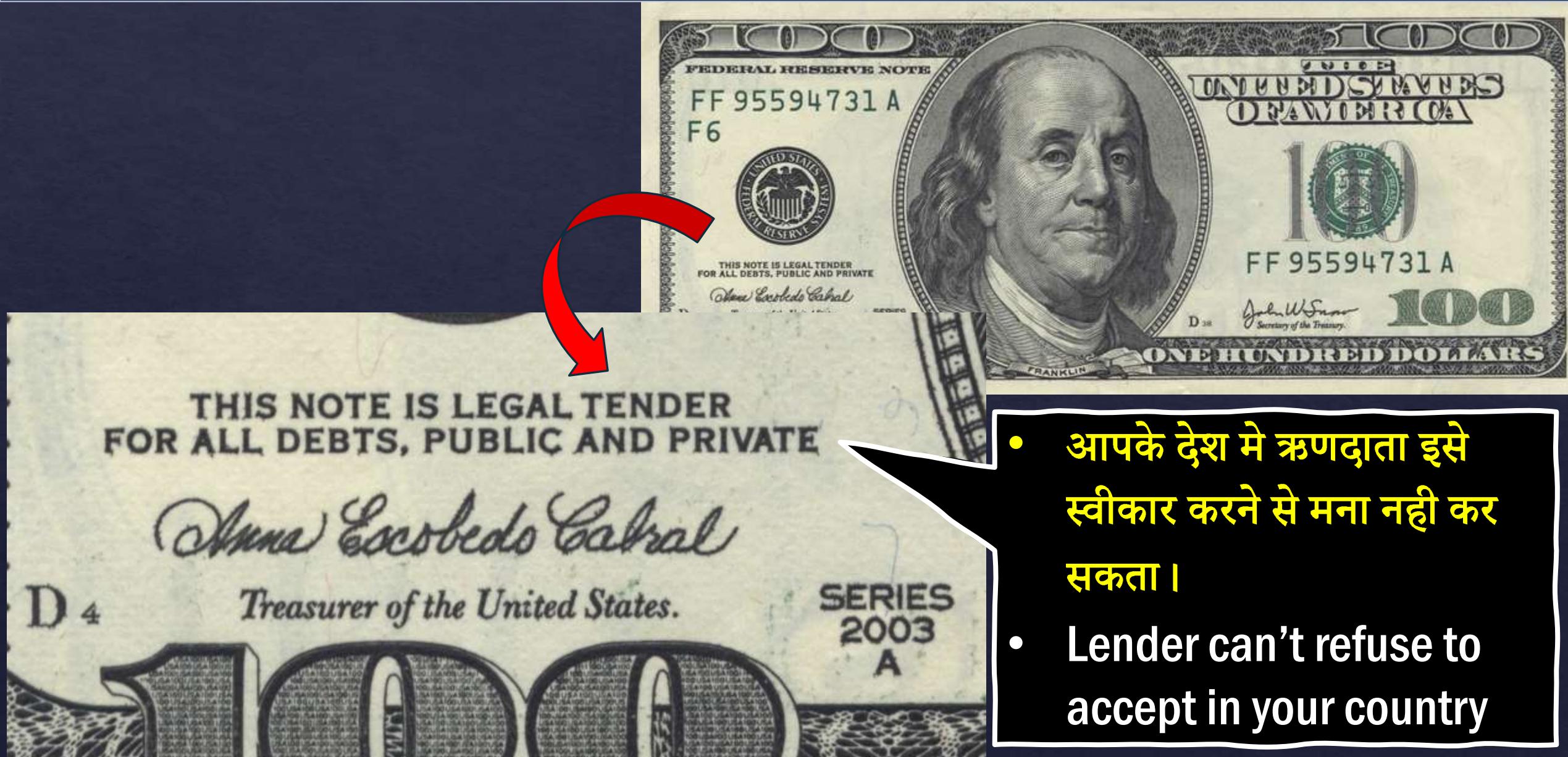
1. It must be a FIAT MONEY (जो हमने क्रपर के सेवकान में पढ़ा). **AND SIMULTANEOUSLY** और साथ ही भी
2. It must be legally valid for all debts & transactions throughout the country. Other party can't refuse to accept. (लेनदेन उसको अस्वीकार नहीं कर सकता)

Table 2: fiat money and legal tender in India

ITEM	A) Is it in form of a physical coin OR physical Note OR Digital Coin that can measure 'value'?	B) Is it issued by Central Bank / Govt / King / Queen	C) Result: Is it Fiat money? (YES If Both Cell A+B give <input checked="" type="checkbox"/> + <input checked="" type="checkbox"/> )	D) At present, is it legally valid for transaction in India as per Coinage Act or RBI Act?	E) Is it LEGAL Tender in India (Yes, If C+D give <input checked="" type="checkbox"/> + <input checked="" type="checkbox"/> )
₹ Indian Rupee: Coins & Notes, CBDC	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Demonetized (विमुक्तीकृत) ₹500, ₹1000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Dollars, Yuan, Yen, Euro etc	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G-Sec, T-Bill (what is this-Ans. explained in video)	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shares, Bonds, DD, Cheque, ATM, Cards, Kirana coin, Casino coin, Filmstar-Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

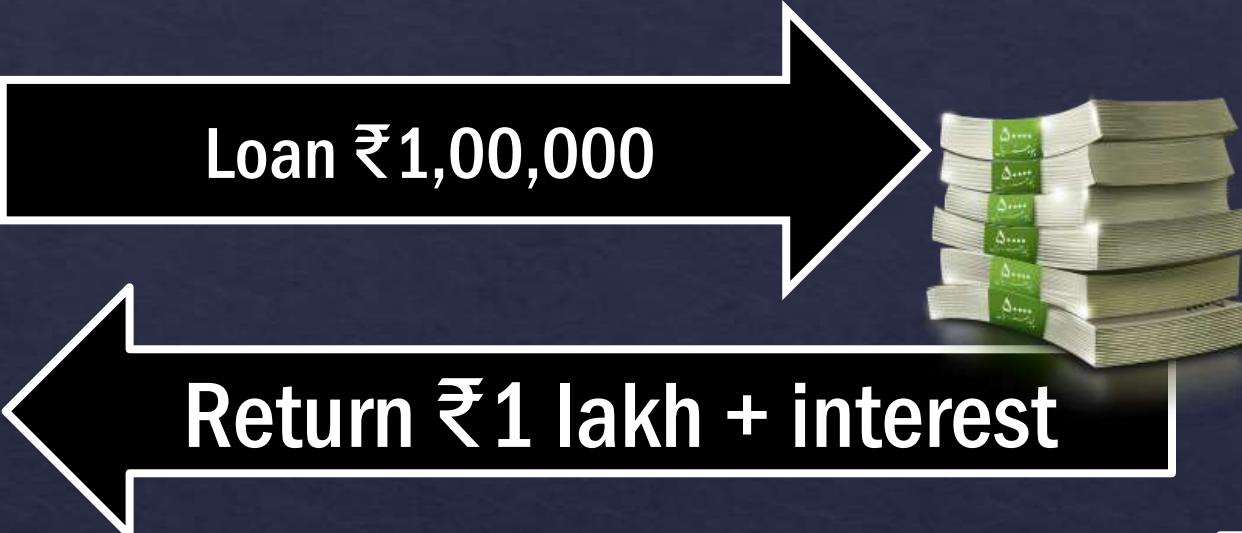


# Fiat Money is understood. What is legal tender?



- आपके देश मे क्रणदाता इसे स्वीकार करने से मना नहीं कर सकता।
- Lender can't refuse to accept in your country

# Indian Rupee coins and currency notes = Legal tender in India



- **MUST** accept Rupee currency.
- **Can't REFUSE** to accept Rupee.
- **Can refuse re-payment in dollar, yuan, bitcoin etc in India.**

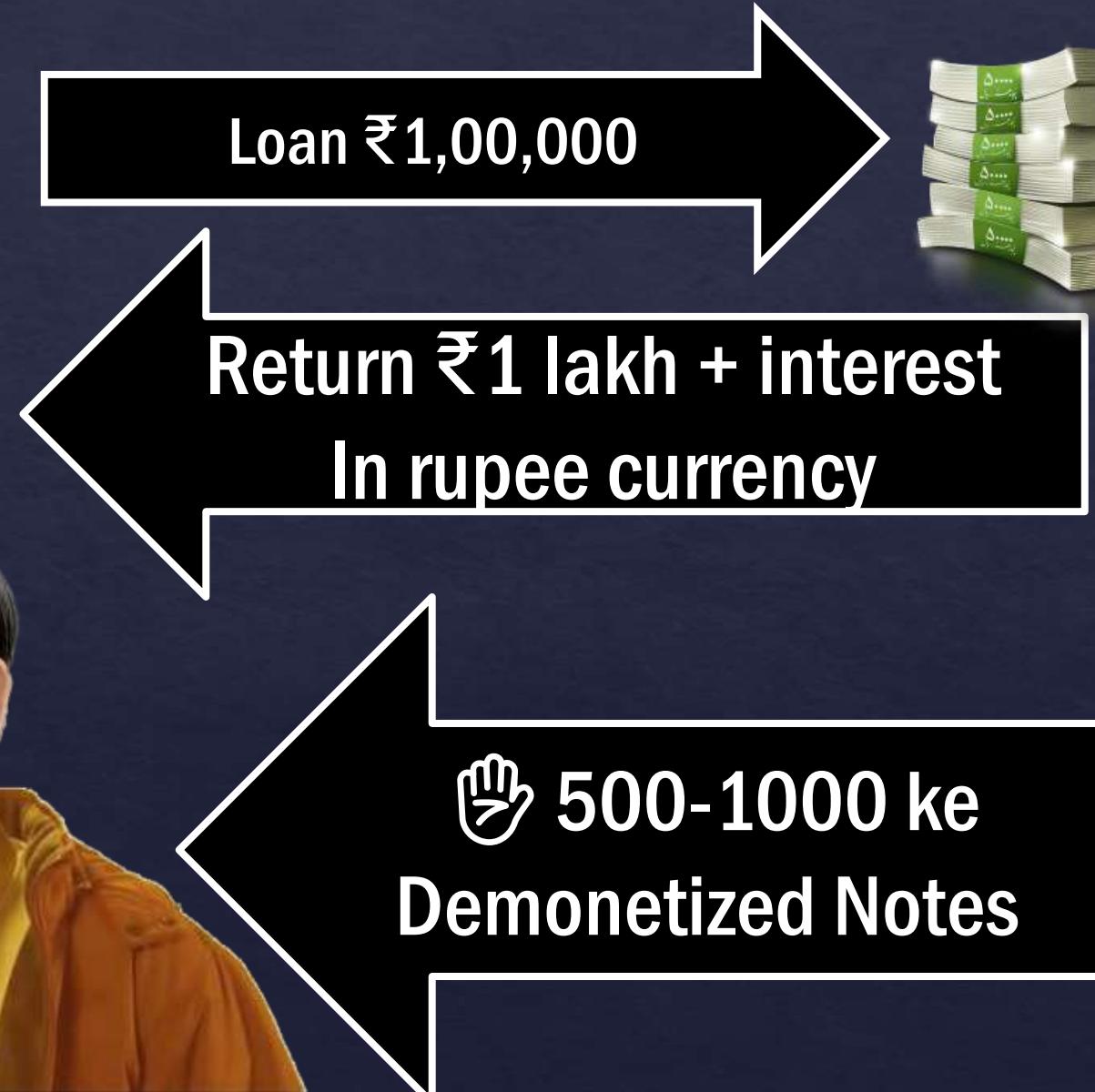
कर्जदार जब कर्ज वापस करेगा तो ये रूपये वाली मुद्रा स्वीकार करनी ही होगी भारत देश में

# Indian Rupee coins and currency notes = Legal tender in India



Loan ₹1,00,000

Return ₹1 lakh + interest  
In rupee currency



# What is LEGAL TENDER in INDIA?

जिसने आपको कर्ज दिया है वह इस मुद्रा को स्वीकार करने से, मना नहीं कर सकता, कानून रूप से

**BOTH conditions must be met simultaneously** 2 शर्तों का एक साथ पालन होना चाहिए

EXAMPLES	Condition#1 Must in FIAT MONEY	Condition#2 Indian Lender can't REFUSE to accept in India.	IS IT Legal Tender in India? 1+2=
• ₹2000 note	<input checked="" type="checkbox"/> yes	<input checked="" type="checkbox"/> must accept	<input checked="" type="checkbox"/> Yes
• (Demonetized) ₹500-1000 note	<input checked="" type="checkbox"/> yes, but in Museum	 can refuse	

# Legal tenders in India: as per RBI Act

₹2-2000 ke Bank notes  
= legal tenders.

## 26. Legal tender character of notes.

(1) Subject to the provisions of sub-section (2), every bank note shall be legal tender at any place in <sup>1</sup>[India] in payment or on account for the amount expressed therein and shall be guaranteed by the <sup>2</sup>[Central Government].

(2) On recommendation of the Central Board the <sup>3</sup>[Central Government] may, by notification in the Gazette of India, declare that, with effect from such date as may be specified in the notification, any series of bank notes of any denomination shall cease to be legal tender <sup>4</sup>[save at such office or agency of the Bank and to such extent as may be specified in the notification].

- आपके देश में  
ऋणदाता इसे  
स्वीकार करने  
से मना नहीं  
कर सकता।

<sup>5</sup>[\* \* \* \* \*]

<sup>6</sup>[26A. Certain bank notes to cease to be legal tender.]

Demonetized  
₹500-₹1000 NOT legal tenders.

# Indian Rupee coins and currency notes = Legal tender in India



Loan ₹1,00,000



Return ₹1 lakh + interest  
In rupee currency



Foreign currency  
अस्वीकार कर सकता है



# What is LEGAL TENDER in INDIA?

जिसने आपको कर्ज दिया है वह इस मुद्रा को स्वीकार करने से, मना नहीं कर सकता, कानून रूप से

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• ₹2000 note	<input checked="" type="checkbox"/> yes	<input checked="" type="checkbox"/> must accept	<input checked="" type="checkbox"/> Yes
• (Demonetized) ₹500-1000 note	<input checked="" type="checkbox"/> yes, but in Museum	 can refuse	
• Dollar, Yuan, Euro	<input checked="" type="checkbox"/> , Yes	 can refuse	



# Legal tenders in India: as per Coinage Act

## 6 - Coin when a legal tender

आपके देश मे ऋणदाता इसे स्वीकार करने से मना नहीं कर सकता।

(1) The coins issued under the authority of section 4 shall be a legal tender in payment or on account, in case of--

Explanation.--For the removal of doubts, it is hereby clarified that a "coin" does not include the credit card, debit card, postal order and e-money issued by any bank, post office or financial institution;



# What is LEGAL TENDER in INDIA?

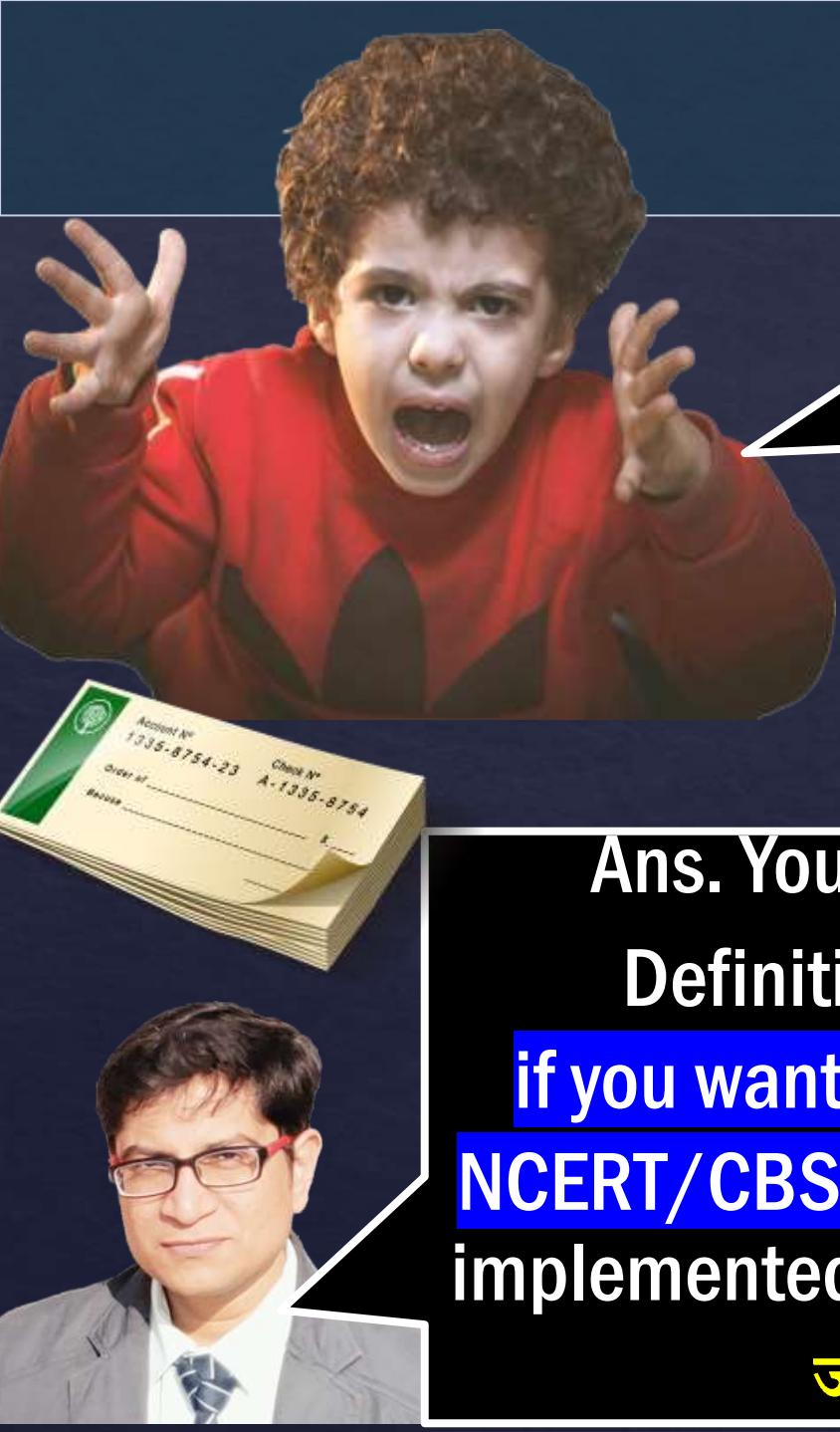
जिसने आपको ऋण दिया है वह इस मद्रा को स्वीकार करने से, मना नहीं कर सकता, काननन रूप से

**BOTH conditions must be met simultaneously** 2 शर्तों का एक साथ पालन होना चाहिए

EXAMPLES	Condition#1 Must in FIAT MONEY	Condition#2 Lender can't REFUSE to accept in India.	IS IT Legal Tender in India? 1+2=
<ul style="list-style-type: none"><li>• Cheque, DD, Credit Card, ATM card etc</li></ul>	👉 can refuse	👉 can refuse. Even if accepts then Condition#1 is wrong so not legal tender	👉



# Legal tender



Q. But we can pay loan with cheque  
then why is it not legal tender?

हम बैंक लोन का भुगतान चेक में राशि लिखकर कर सकते हैं ना तो वो तो हो गया लीगल टेंडर!!!

Ans. You're mistaking instrument (साधन) with money (मुद्रा).

Definition of legal tender learn for the purpose of MCQs.

if you want to get the definition changed → send your letter to NCERT/CBSE chairman / or to PM for amend RBI Act . until that is implemented. please prepare as given in handout | आपको व्याख्या नहीं जम रही है तो प्रधानमंत्री से कहिए कि कानून बदलवा दे ।

# Indian Rupee coins and currency notes = Legal tender in India



Loan ₹1,00,000

Return ₹1 lakh + interest  
In rupee currency



Reliance company's Share, bond,  
G-sec, T-Bill

के स्वरूप में लोन का पैसा वापस करूँगा ⚡



# What is LEGAL TENDER in INDIA?

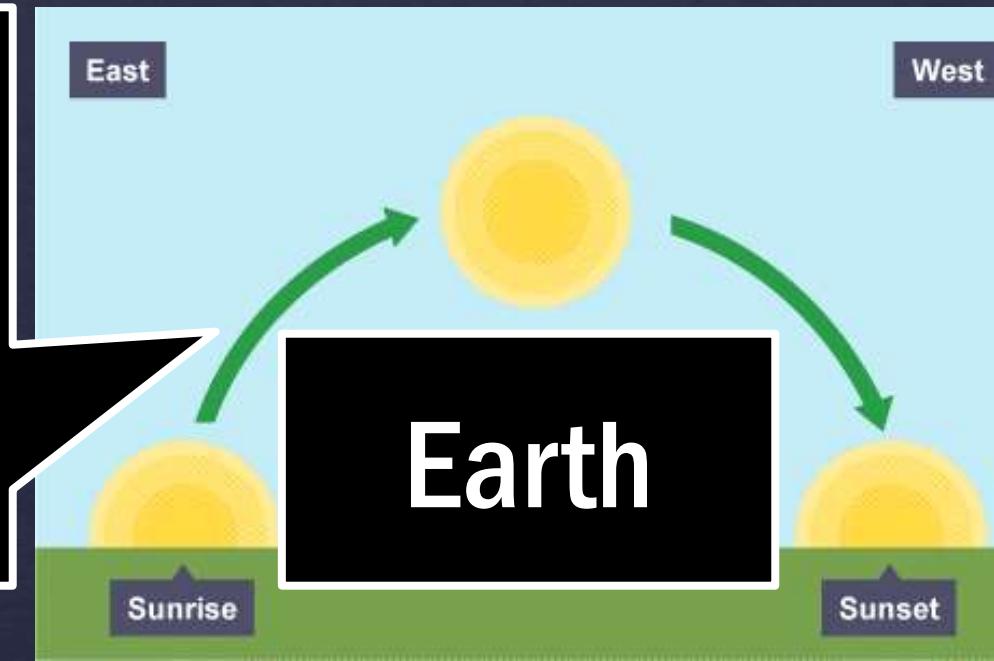
जिसने आपको ऋण दिया है वह इस मद्रा को स्वीकार करने से, मना नहीं कर सकता, काननन रूप से

**BOTH conditions must be met simultaneously** 2 शर्तों का एक साथ पालन होना चाहिए

EXAMPLES	Condition#1 Must in FIAT MONEY	Condition#2 Lender can't REFUSE to accept in India.	IS IT Legal Tender in India? 1+2=
• Cheque, DD, Credit Card, ATM card etc	👉 can refuse	👉 can refuse. Even if accepts then Condition#1 is wrong so not legal tender	👉 NOT
• G-Sec, T-Bill, Share, Bond	👉 can refuse	👉 can refuse	👉 NOT
• Casino coin, Bitcoin	👉 can refuse	👉 can refuse	👉 NOT

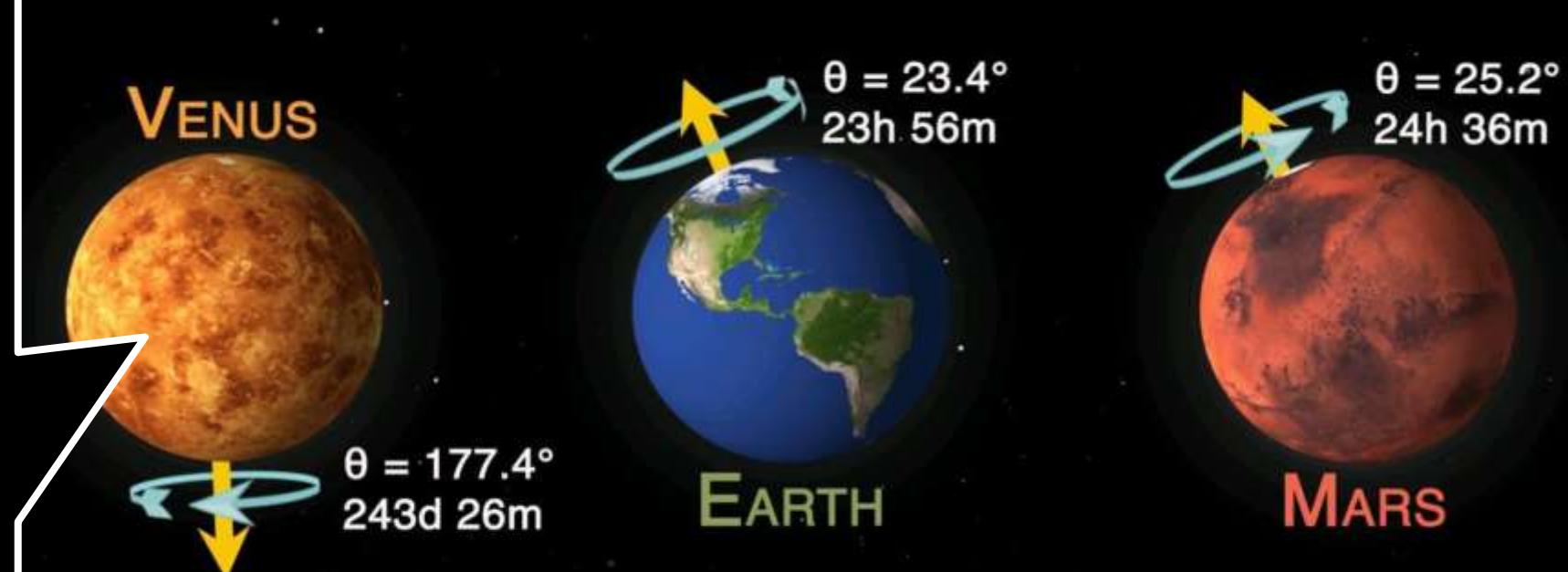
पृथ्वी पर सूर्य पूर्व दिशा से  
उदय होता है

Sun rises from East



Venus pe Sun  
rises in the  
West

शुक्रग्रह पे पश्चिम  
दिशा से उगता है सूर्य





Other countries legal tender  
Needs to be a fiat money.



मेरे को सपना आ गया तो  
विदेशी निवेशकों को ललचाने  
के लिए मैंने ऐसा किया



El-Salvador



$\theta = 177.4^\circ$   
243d 26m



In El-Salvador: Bitcoin is legal tender  
Even though Bitcoin is not fiat money.  
More in Sunday Lecture



Other countries legal tender  
Needs to be a fiat money.



# For the purpose of MCQs

Definition of legal tender in India-learned in the handout

- correct statements. हमने जो पढ़े वह सारे वाक्य सही है



Legal tender must be a fiat money in everywhere in the world = statement is debatable.

- <Wrong statement or debatable statement due to El-Salvador>.
- पूरी दुनिया के हर कोने में केवल एक **fiat money** ही **legal tender** बन सकता है= गलत /विवादास्पद वाक्य है।
- I don't think UPSC examiner will engage in this pedantism / debatable / microscopic case. You need not live under fear “what to do about this”?
- मुझे नहीं लगता है **UPSC-walle** इतनी पंचात करने बैठेंगे. तो यह डर में मत जियो कि यह ही प्रश्न पूछे जाने वाला है





- ⇒ Govt issues all coins upto ₹ 1,000, using powers of powers of Coinage Act 2011.
- ⇒ ₹ 1 Note signed by Finance Secretary (राज निधि)
- ⇒ ₹ 1 note doesn't contain "I promise to pay bearer..."



- ⇒ RBI issues Currency notes other than ₹ 1 Note using the powers of RBI Act 1934.
- ⇒ Currency notes have Governor's sign: "I promise to pay bearer..."

FAQ: why is it like this!!!!!! WHY CAN'T RBI ISSUE BOTH coins & currency notes!!!

Ans. Send your suggestion to PM, to merge above two laws. Until it's implemented, remember table for passing exam. व्यवसायी को आपा सिलो से रोकने का पर्याप्तता नहीं को सिला, अब जब वह उड़ी होता है इस handout में देखा हुआ एको को सिला परोक्ष-दर्शी-कीटों की।

#### 10.4.4 Legal Tender (वैध रुपय)

To become a 'legal tender', a given coin/currency MUST fulfil two conditions **SIMULTANEOUSLY**:

- जीवन के पूरे अन्त तक।

  - It must be a FIAT MONEY (जो हमारे द्वारा केवल इसका मैदान में पाया) AND SIMULTENOUSLY.
  - It must be legally valid for all debts & transactions throughout the country. Other party can't refuse to accept. (इसका लागत अधिकार नहीं था करता)

Table 3: fast velocity and lagged tomography in India

ITEM	A) Is it form of a physical coin OR physical Note OR Digital Coin	B) Is it issued by Central Bank / Govt / King / Queen	C) Result: Is it Fiat money? (YES If Both Cell A+B give <input checked="" type="checkbox"/> - <input checked="" type="checkbox"/> )	D) At present, is it legally valid for transaction in India as per Coinge Act or RBI Act?	E) Is it LEGAL TENDER in India (Yes, If <input checked="" type="checkbox"/> No, If <input type="checkbox"/> )
₹ Indian Rupee Coins & Notes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Democratized (Fiat) ₹ 1000, ₹ 500, ₹ 100	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Dollars, Yuan, Yen, Euro etc	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
G-Sec, T-Bill	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Shares, Bonds, DHL, Cheques, ATM, Cards, Kirara coin, Casinos coins, Filmstar Notes	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Bitcoins	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mariail Island: SOV	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Venezuela: Petro	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

⇒ (2) FAQ: I did not understand this thing and/or I want to engage in intellectual debate why "X" this legal tender? Ans. Please watch lecture's recorded video again, more peacefully.

- ⇒ Commemorative Coins (सूचीबद्ध सम मिट्टी) = Fiat money yes but not legal tender unless notified to be as legal tenders.



# Why it is like this?

## यह ऐसा क्यों है



Answers, Doubts/Queries & MCQs for IAS-2023  
I'll reply to your questions either in Food & Water in class OR  
in WhatsApp Doubts PDF in your course page — "Mains".  
I'll personally reply to all questions in previous batches.  
No question has remained unanswered, so do ask if you have any doubt.

Doubts/Queries :  
Economy Course at Unacademy Plus for  
UPSC-CSE-2021

Please put your doubts and queries corresponding to the session and topic so that I can clear it in weekly PDF file.

\* Required

What is your  
Your answer

Up arrow icon

google form  
not useful in this  
case

↳ google form  
not useful in this  
case



Send your suggestion  
to NCERT to **change**  
**definition.**  
[dceta.ncert@nic.in](mailto:dceta.ncert@nic.in)

# Send Suggestion to PM to amend RBI Act / Coinage Act

this is self explanatory for everyone who is not engaging in hairsplittery

बाल की खाल खींचने नहीं बैठे उस हर आदमी के लिए यह समझना आसान है

Table 3: fiat money and legal tender in India

ITEM	A) Is it in form of a physical coin OR physical Note OR Digital Coin	B) Is it issued by Central Bank / Govt / King / Queen	C) Result: Is it Fiat money? (YES If Both Cell A+B give <input checked="" type="checkbox"/> + <input checked="" type="checkbox"/> )	D) At present, is it legally valid for transaction in India as per Coinage Act or RBI Act?	E) Is it LEGAL Tender in India (Yes, IF C+D give <input checked="" type="checkbox"/> + <input checked="" type="checkbox"/> )
₹ Indian Rupee: Coins & Notes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Demonetized (विमुद्रीकृत) ₹500, ₹1000	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="hand"/>	<input type="hand"/>
Dollar\$, Yuan, Yen, Euro etc	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="hand"/>	<input type="hand"/>
G-Sec, T-Bill	<input type="hand"/>	<input checked="" type="checkbox"/>	<input type="hand"/>	<input type="hand"/>	<input type="hand"/>
Shares, Bonds, DD, Cheque, ATM, Cards, Kirana coin, Casino coin, Filmstar-Notes	<input type="hand"/>	<input type="hand"/>	<input type="hand"/>	<input type="hand"/>	<input type="hand"/>
Bitcoins	<input checked="" type="checkbox"/>	<input type="hand"/>	<input type="hand"/>	<input type="hand"/>	<input type="hand"/>
Marshall Island: SOV Venezuela: Petro	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="hand"/>	<input type="hand"/>

Given on Handout

नहीं में इसको लेके बैठा  
रहूँगा। में LLB/PIL करूँगा



Then who's going to  
finish syllabus?



# What about commemorative coins (सूति सिक्के)?

Fiat money yes. ⚡ But NOT “legal tenders”, UNLESS notified.

PRE-ORDER

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## Birth Anniversary Of Atal Bihari Vajpayee 2018 Commemorative Silver Coins

Model SilverAtalBihariCoin2018

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By buying this product you can collect up to ₹ 9.00 with our loyalty program. Your cart will total ₹ 9.00 that will be converted into a voucher.

UPI/Bank Trf Price

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Inclusive of taxes (Exclusive of Payment Gateway Charges)

Set Price Alert...

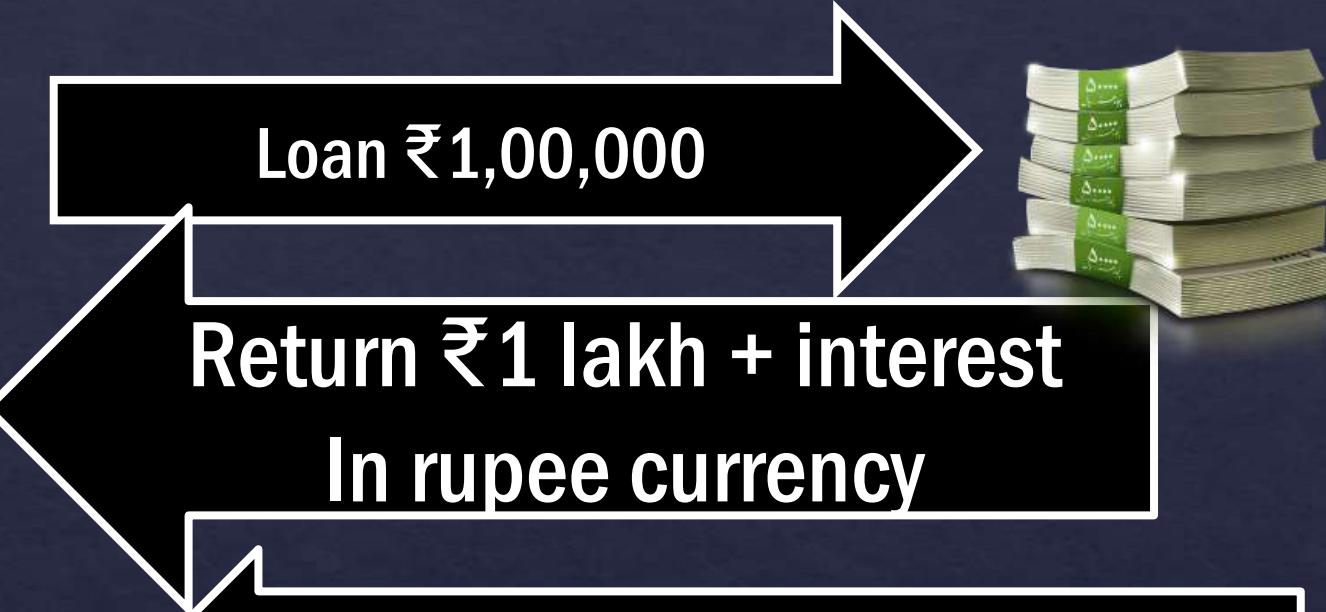
Qty

1

Add to cart



# Indian Rupee coins and currency notes = Legal tender in India



**Commemorative Coin** के रूप में  
कर्जा वापस करूँगा तो बैंक मैनेजर मना  
कर देगा लेने से शिवाय के सरकार ने  
सूचित किया हो कि ये भी स्वीकार्य है



# What about commemorative coins (स्मृति सिक्के)?

Fiat money yes.  But NOT “legal tenders”, UNLESS notified.

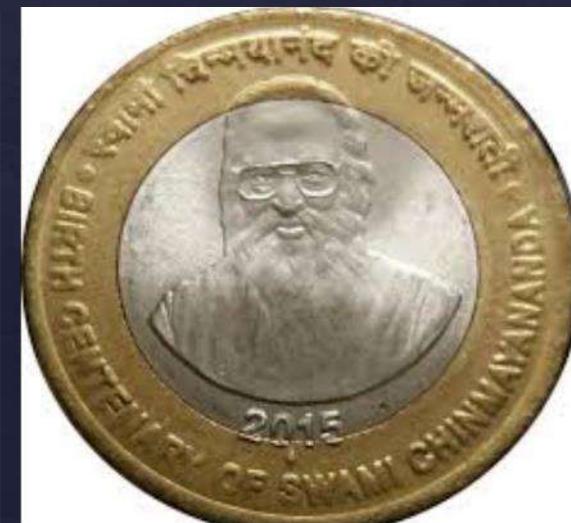


Loan ₹1,00,000

Return ₹1 lakh + interest  
In rupee currency



**Rs.10 Chinmayanand  
Commemorative Coin is notified  
as Legal Tender. So, it  can be  
used for transactions.**



# RBI notification says all these are valid coins

- Fiat money : issued by the fiat (order) of Government / RBI
- Legal tender: “when a fiat money can’t be refused to settle transactions & debts in India.” क्रणदाता उसे अस्वीकार नहीं कर सकता



Refusing Rs 10 coin in UP may invite sedition case

दुकानदार लेने से मना करें तो राजद्रोह का केस होगा

Chinmayanand  
commemorative coin  
notified as legal tender.



q) you said this is legal tender but my shopkeeper refuses to accept मेरा पड़ोसी  
दुकानदार स्वीकार नहीं करता



Ans. Send your complaint to following people. until it is rectified, **MEMORISE** the things for mcqs taught in the class



आप की  
अदालत  
रजत शर्मा  
INDIA TV



Ques/Ppts, Ppt-Slides, Videos, PDFs etc. till 26.06.2023  
I'll reply to your questions either in food & work interview OR  
in next week's Doubts-Qn in your course page -  
Till 1st July 2023  
I'll personally reply to your questions in Unacademy Doubts -  
so please do not worry about anything. I will do it.  
Please put your doubts and queries corresponding to the session and topic so that I can clear it in weekly PDF file.

\* Required

What is your Unacademy Username? \*

Your answer

Which image describes you the best? (नमस्ते कौन सा चिक्का आपको लगू हीला है) \*

A) Pikachu Never appeared

B) Pikachu Approved but unsuccessful

C) Mew Approved but unsuccessful

D) Mewtwo Approved but successful

I want to know to whom I can reply to your question in a better manner (यही जीवां जिसका जवाब दे सकते हैं)

1 2 3 4

Select Code from Image:

My Educational Doubt relates to (मेरा प्रश्न दूसरे विषय पर है) \*

E) MPPR

F) Budget Taxation

G) India's Trade

H) Various of Economy

I) MPC

J) Economics & Current Affairs of India

K) Economic Growth

L) Economic Reforms

M) Technical issue related to Unacademy.com

This form is for the Educational Doubts.

Next Step: <https://forms.gle/Unacademy.com>

1 2 3 4 5 6 7 8 9

↗ google form  
not useful in this case

# Barter limitation → Money: Evolution of



Commodity Money



Metallic Money



Paper / Fiat money/  
legal tender

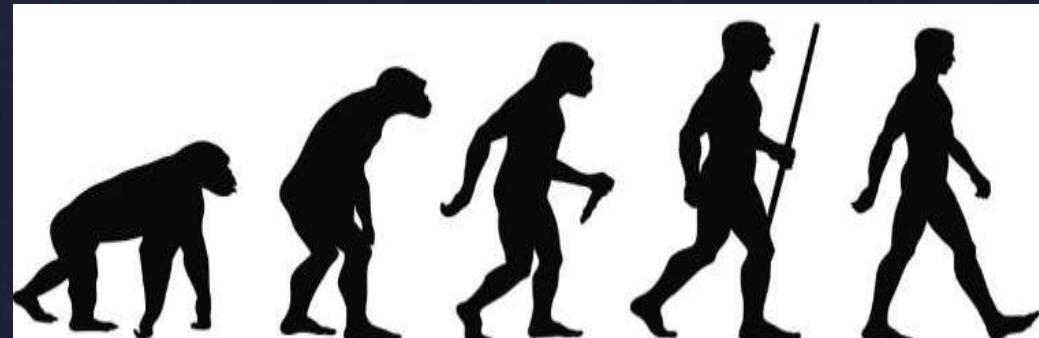


Bank Money,  
deposit money  
digital  
payment



Crypto /Virtual  
Currency using  
blockchain  
tech.

What is limited legal tender?



# Coinage Act: Indian coins are 'limited' legal tenders.

भारतीय सिक्के वैधानिक मुद्रा है लेकिन सीमित मात्रा में



Buying fruits worth  
₹ 100.

Seller can't refuse



Buying iphone worth ₹ 80000/- using  
₹ 1 rs. Coins Seller can refuse

- Coins = low value transactions. If used in large transaction =shortage, inconvenience. **असुविधा ना हो**
- So law allows the other party to refuse to accept it. **सामने वाला व्यक्ति स्वीकारने से मना कर सकता है**

# Fiat Money → Legal Tender



**Coins = Limited Legal tender(सीमित)**

- Rs. 1 Note / 1 coin / above coins. → upto Rs.1000 payment YES
- 50 paisa x 20 coins → Rs.10 YES
- Below 50 paisa withdrawn (2011).e.g. 10paisa, 25 paisa= no longer legal tender.

- बाजार में सिक्को की किल्लत न हो और गिनने में असुविधा ना हो इसलिए सीमाएं बनाई
- **Coins = low value transactions.**
- If coins used in large transaction =shortage, inconvenience.
- So law allows **the other party to refuse to accept it.**

हालांकि 50 पैसे से छोटी रकम के सिक्के जैसे कि **10 पैसा 25 पैसा**, सरकार ने बंद करवा दिए हैं। तो उसको स्वीकार करने से व्यापारी मना कर सकता है।



q) you said this 50 paisa legal tender  
but my shopkeeper refuses to  
accepted

मेरे शहर में मैं दुकानदार 50 पैसे का सिक्का स्वीकार  
नहीं करता

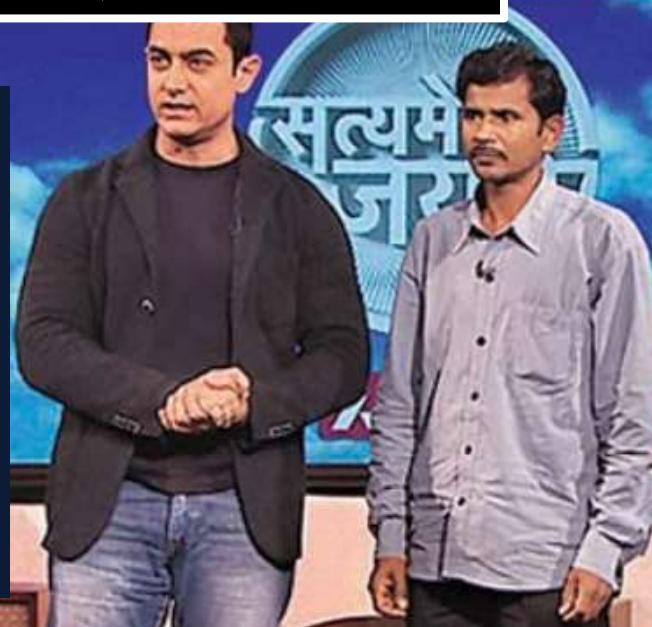


Ans. Send your complaint to following people. until  
it is rectified, prepare the things for MCQs taught in  
the class

वो सब पंचात छोड़ो परीक्षा के लिए इतना पढ़ना है पढ़ के आगे बढ़ो



आप की  
अदालत  
रजत शर्मा  
INDIA TV



Ques/Pkt. Paid Service Started 2020/01/01 till 2023  
I'll reply to your questions either in food & drink Qn's OR  
in any other Qn's/Doubts+PDF in your course page ->  
Total 1 person has replied to your question in previous 24 hours  
So I'll respond to your question as soon as possible & if it's not  
possible then I'll let you know about it.

Doubts/Queries -  
Economy Course at Unacademy Plus for  
UPSC-CSE-2021

Please put your doubts and queries corresponding to the session and topic so that I can  
clear it in weekly PDF file.

\* Required

What is your Unacademy Username? \*

Your answer

Which image describes you the best? (इनमें से कौन सा चिक्का आपको लगू लगता है) \*

A) Pikachu Never appeared  
 B) Pikachu Approved but unsuccessful  
 C) Pikachu Approved but successful  
 D) Pikachu Approved but unsuccessful

I want to know if I can reply to your question in a better manner (यदि ये जवाब आपको लगता है तो कर)

1 2 3 4

Select Code from Image:

My Educational Doubt relates to (मेरा प्रश्न दूसरी विषय पर है) \*

E) M&SI  
 F) Budget & Finance  
 G) I&L Trade  
 H) Various of Economy  
 I) WBE  
 J) Economy & Govt. Services of India  
 K) Economics  
 L) Economics  
 M) Technical Issue related to  
Please mention the Educational Doubt you have in the box below  
This form is for the Educational Doubts.  
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↑ google form  
not useful in this  
case



Champion Race horse  
with blinkers on his eyes



Street bull without blinkers  
With Mind wandering in 25 directions



Coins = Limited Legal tender(सीमित)

- Rs. 1 / above → upto Rs.1000 payment YES
- 50 paisa x 20 coins → Rs.10 YES
- Below 50 paisa withdrawn (2011). e.g. 10paisa, 25 paisa= no longer legal tender.

हालांकि 50 पैसे से छोटी रकम के सिक्के जैसे कि 10 पैसा 25 पैसा , सरकार ने बंद करवा दिए हैं.  
तो उसको स्वीकार करने से व्यापारी मना कर सकता है

- बाजार में सिक्को की किल्लत न हो और गिनने में असुविधा ना हो इसलिए सीमाएं बनाई
- Coins = low value transactions.
- If coins used in large transaction =shortage, inconvenience.
- So law allows the other party to refuse to accept it.

Race track is complete. Moving to next track

**50 paisa coin not accepted by shopkeeper  
then how is it legal tender?**

When 10 paisa was 'demonetized' 'withdrawn', then how did govt exchange that with other coins? What was the system?

# Fiat Money (वैधानिक मुद्रा) → Legal Tender:



## Coins = Limited L.T.(सीमित) under Coinage Act 2011

- Rs. 1 Note/ Rs. 1 Coin / above => Rs.1000 तक का भुगतान एक साथ कर सकते हैं
- 50 paisa x 20 coins=> Rs.10
- Below 50 paisa withdrawn (2011) e.g 10 paisa, 25 paisa.



## Currency Notes = Unlimited L.T.

- **RBI Act 1934- Section 26:** Every bank note is legal tender in India.
- Settle any amount of debt / transaction. किसी भी माला तक का भुगतान कर सकते हैं सामने वाली पार्टी अस्वीकार नहीं कर सकती

# Fiat Money (वैधानिक मुद्रा) → Legal Tender:



## Coins = Limited L.T.(सीमित) under Coinage Act 2011

- Rs. 1 Note/ 1 Rs. Coin / above => Rs.1000 तक का भुगतान एक साथ कर सकते हैं
- 50 paisa x 20 coins=> Rs.10
- Below 50 paisa withdrawn (2011) e.g **10 paisa, 25 paisa.**



## Currency Notes = Unlimited L.T.

- **RBI Act 1934- Section 26:** Every bank note is legal tender in India. Settle any amount of debt / transaction.
- **But to prevent black money, Finance Act'17:** “less than 2 lakh only” \*\* Beyond use Cheque, DD, NEFT etc. else penalty: entire amount. (More in pillar#2)

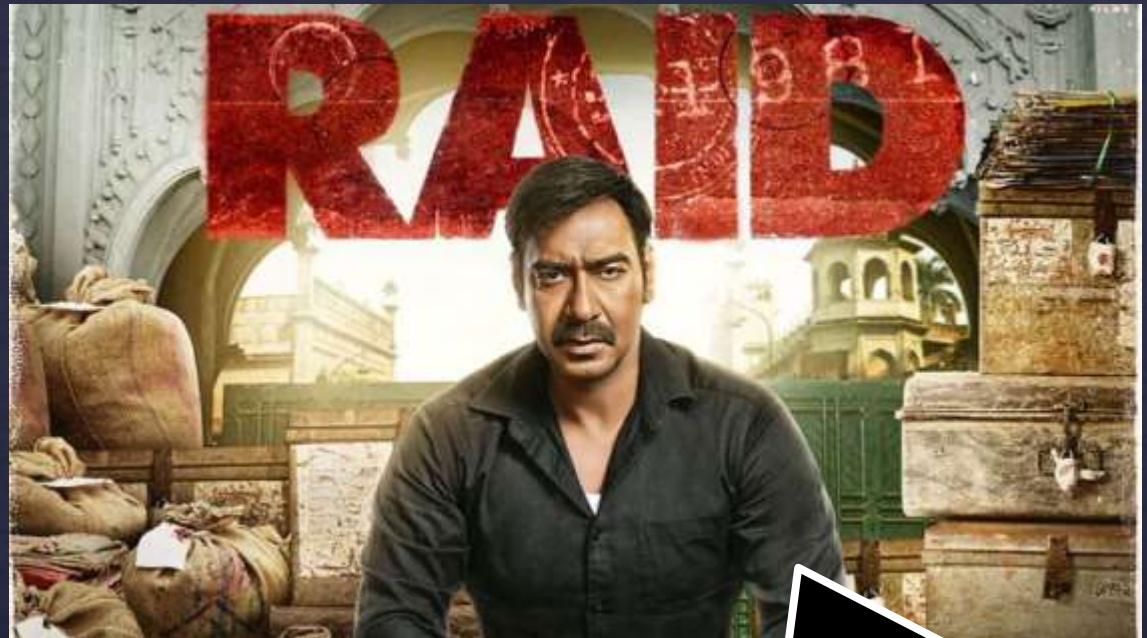
काले धन और करचोरी से निपटने के नगदी नोटों के व्यवहार पर भी कुछ सीमाए (limits) हैं लेकिन mcq =unlimited legal tender.

# But Budget-2017: imposed restrictions on cash transactions...

हालांकि नगदी लेनदेन पर कुछ रोकथाम लगाई गई है



If paying ₹ 2l /> in cash  
=100% penalty by IT Dept



2,00,000 या उससे ज्यादा रकम  
नकदी में भुगतान किया  
तो सारा ही दंड में वसूल लेंगे

# But Budget-2017: imposed restrictions on cash transactions...

हालांकि नगदी लेनदेन पर कुछ रोकथाम लगाई गई है



If paying ₹ 2l /> in cash  
=100% penalty by IT Dept

₹ 2l /> Pay via cheque, e-banking etc only



Of Course if depositing ₹2l /> in bank/post office/ govt dept → no penalty...



# Fiat Money (वैधानिक मुद्रा) → Legal Tender:



Coins = Limited L.T. (सीमित) under **Coinage Act 2011**

- Rs. 1 / above => Rs.1000 तक का भुगतान एक साथ कर सकते हैं
- 50 paisa x 20 coins=> Rs.10
- Below 50 paisa withdrawn (2011)

काले धन और करचोरी से निपटने के नगदी नोटों के व्यवहार पर भी कुछ सीमाएँ (**limits**) हैं लेकिन mcq =unlimited legal tender.



Currency Notes = Unlimited L.T.

- **RBI Act 1934- Section 26:** Every bank note is legal tender in India. Settle any amount of debt / transaction.
- **But to prevent black money, Finance Act'17:** “less than 2 lakh only” \*\* Beyond use Cheque, DD, NEFT etc. else penalty: entire amount. (More in pillar#2)



Then how can you say ₹2-2000 are unlimited legal tender in practical manner!!?

Ans. **OVERTHINKING & moral outrage not required.**

For MCQ, Just go by textbook definition that RBI issued currency notes = **unlimited legal tenders.**

## Moral outrage is again unnecessary

**Q) Why do some colleges insist on payment through NEFT/DD. कुछ कॉलेज वाले केश में फीस क्यों नहीं लेते?**

**Ans. For their own administrative convenience.**

If you **feel the need to pay in cash, & they're not accepting it then you may approach courts.** But we are not here for agitation, we are here to pass an Exam.



हम इधर आंदोलनकारी नहीं IAS बनने के लिए जमा हुए हैं. ५०० जात के सवाल दिमाग में मत लाओ की जिसकी परीक्षा में कोई उपयोगिता नहीं. #थोड़ा-पढ़ो-आगे-बढ़ो



आप की  
अदालत  
रजत शर्मा  
INDIA TV



Moral outrage is again unnecessary

**Q) Divorcee husband paying maintenance amount to ex-wife in big pile of coins.**

Ans. She could refuse & **complaint to magistrate.**



हम इधर वकील/आंदोलनकारी नहीं  
**IAS/IPS** बनने के लिए जमा हुए हैं.  
५०० जात के सवाल दिमाग में मत  
लाओ की जिसकी परीक्षा में कोई  
उपयोगिता नहीं.  
**#** थोड़ा-पढ़ो-आगे-बढ़ो

# Money: Evolution of.... (Continued)



Commodity Money



Metallic Money



Fiat Money /  
legal tender

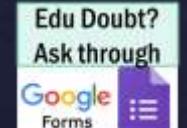
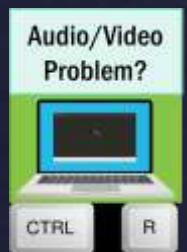
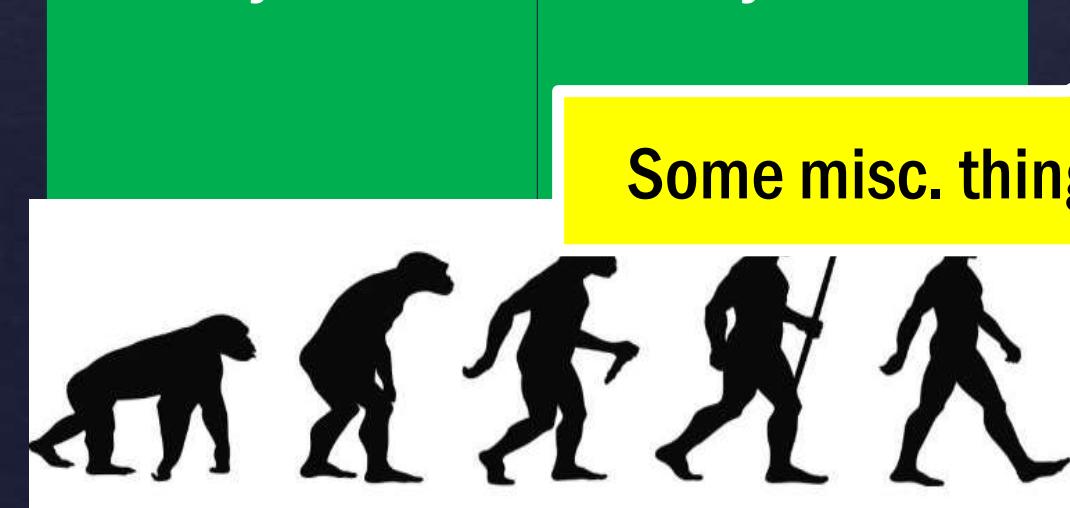


Bank Money,  
deposit  
money  
digital  
payment



Crypto  
Currency  
blockchain

Some misc. things pending



# Unlimited Legal Tender: Bank Notes issued by RBI

यूपीएससी वाले ऐसे प्रश्न नहीं पूछते कि नोट कौन से कलर का है क्योंकि आपकी जेब में हुआ तो बिना पढ़े टिक कर सकते हैं?

भारतीय रिजर्व बैंक  
Reserve Bank of India  
India's Central Bank

Home About Us Notifications Press Releases Speeches Publications ▾ Memorial Lectures

Home > Indian Currency > Bank Notes

## Contemporary Bank Notes

### Bank Notes

Banknotes in Mahatma Gandhi (New) Series

One Hundred Rupees (Rs. 100)

Fifty Rupees (Rs. 50)

Twenty Rupees (Rs. 20)

Ten Rupees (Rs. 10)

Five Rupees (Rs. 5)

### Specified Bank Notes

Thousand Rupees (Rs. 1000)

Five Hundred Rupees (Rs. 500)

- 👉 UPSC will not ask which note- which color / photo in Prelims, because candidate could be carrying in wallet!
- 👉 demonetized notes's size-shape-color = too old topic, KBC-GK
- IN interview- could ask because you've to remove wallet, wristwatch etc. outside!



Rupees Five Hundred



Rupees One Hundred



Rupees Fifty



Rupees Two Thousand



Rupees Two Hundred

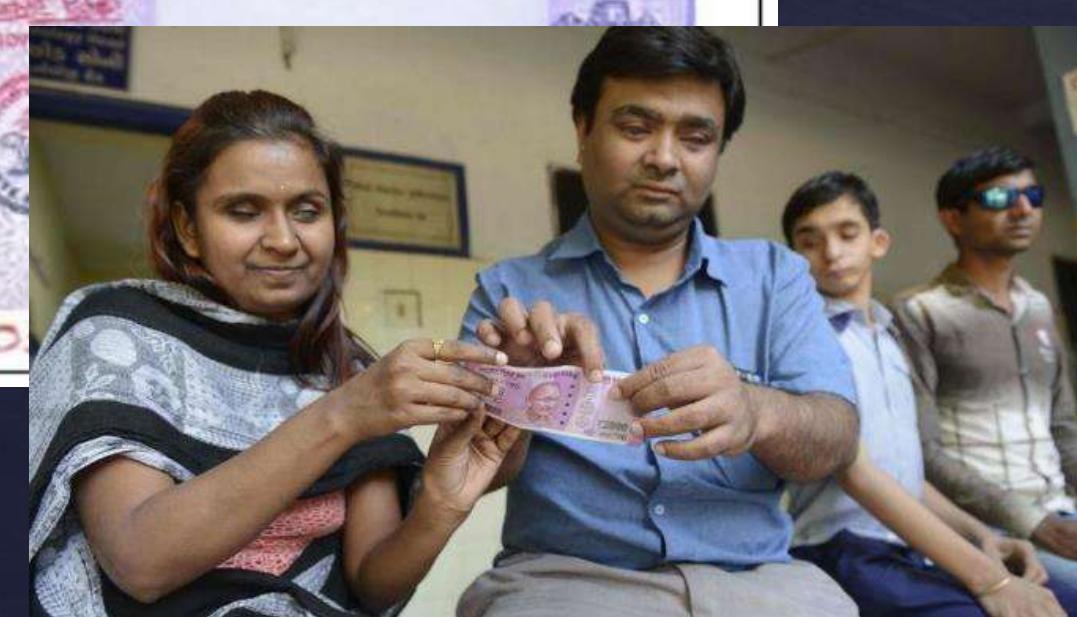


Rupees Ten

↑  
Mahatma Gandhi New Series of Notes

# (New) Mahatma Series Notes ₹ 100: Front Obverse

4  
Bleed  
lines



# Samsung “GALAXY” series ke naam pe 56 phone models



Confusion among consumers. कौनसा खरीदू समझ नहीं आ रहा है. दिमाग चक्रम हो गया है

# Difficult for the visually challenge person to remember & identify

New Gandhi series notes



Rupees Five Hundred



Rupees Two Thousand



Rupees One Hundred



Rupees Two Hundred



Rupees Fifty



Rupees Twenty



Rupees Ten

(old) Gandhi series notes



demonetized

द्रष्टिहीन  
आदमी  
इतने सारे नोट  
केसे पहेचाने?



# RBI's Mobile Aided Note Identifier (MANI) App (2020)

- ✓ Works Android and iOS (Apple phones)
- ✓ Camera → audio feedback
- Hindi/English
- ✓ Even folded notes identified
- ✓ Vibration alert for deaf persons
- ✓ ⚡ Can't certify whether note is genuine or counterfeit (नॉट असली है या जाली नॉट है... नहीं पता करता)



# Money: Evolution of (मुद्रा की उत्कांति)



Commodity Money



Metallic Money



Paper / Fiat Money / legal tender



Bank Money,  
deposit money  
digital  
payment



Crypto  
Currency  
blockchain

I promise to pay bearer

Cheque  
Types

CTS, CBS

NEFT

RTGS

IMPS

NPCI:  
UPI-BHIM

Card Types

Card  
Tokenization

NCMC &  
FastTag

ATM Types

MDR

Earlier, Fiat money was backed by Physical assets or PROMISE.



What's the meaning  
of this!???

I PROMISE TO PAY THE BEARER ON DEMAND THE SUM OF TWENTY POUNDS

में धारक को 20 पाउंड अदा करने का वचन देता/देती है

# How fiat money was issued? 1) Gold standard

मुद्रा छपने का 'सुवर्ण मानक'



तिजोरी में कितना सोना है, उस अनुपात में नगदी मुद्रा छापी जाती थी  
आप कागज़ी मुद्रा लेकर केंद्रीय बैंक में जाएंगे तो उतने वजन के सोने के सिक्के आपको दिए जाएंगे

# How fiat money was issued? 1) Gold standard

मुद्रा छपने का 'सुवर्ण मानक'



But, War & Developmental work required printing more currency

विश्व युद्ध के दौरान नोट ज्यादा छापने थे स्वर्ण कम था  
तो ये व्यवस्था ही बंद कर दी

System Collapsed

I promise to pay bearer the sum of 2000... meaning  
तो फिर आधुनिक युग में धारकों ₹2000 अदा करने का वचन देता हूँ इस वाक्य का मतलब क्या है



I promise to  
exchange this note  
for  
Another Rs.2000  
Or Rs.500 x 4 Nos  
Or Rs. 10 x 200 Nos

1. Colonial era: “Full bodied” silver /gold coins worth value Rs. 2000 in weight
2. Modern era: conversion to other notes and “TOKEN coins” of equal FACE value.

I promise to pay bearer the sum of 2000... meaning

$$₹2000 = ₹500 \times 4 \text{ Nos} = ₹10 \times 200 \text{ Nos.}$$



महंगाई बढ़ी है   
इसलिए मुझे **exchange**  
करते वक्त  
ज्यादा पैसा दो



Printed Note:  
₹2000

Face value

10% inflation  
(मंहंगाई)



so give me  
₹2200 Not  
Possible



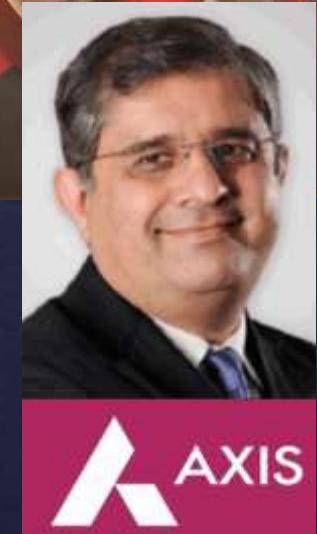
ऊँगली दी है तो गला मत दबाओ. I did not promise such thing

I promise to pay bearer the sum of 2000... meaning

$$₹2000 = ₹500 \times 4 \text{ Nos} = ₹10 \times 200 \text{ Nos.}$$



मैं अगर axis में यह पैसा बचत करता तो 5% ब्याज मिलने वाला था इसलिए आप (RBI) मुझे एक्सचेंज करते वक्त उतना पैसा दीजिए  
 $2000+6\% = ₹2,120$  दीजिए



- ऊँगली दी है तो गला मत ढबाओ.
- I did not promise 'these things'.
- If u saved ₹₹ in AXIS then go ask SBI
  - to pay savings deposit: Principal + Interest.
- RBI can only exchange for face value ( $2000=500\times 4$ )

# I promise to pay bearer the sum of 2000... meaning महंगाई या ब्याज दर के अनुपात में बदलने का कोई वादा नहीं किया है

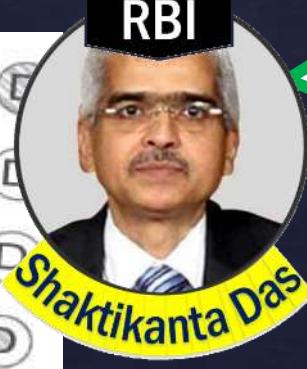


RBI

Shaktikanta Das

ऊँगली दी है तो गला मत दबाओ.

👉 I did not promise to exchange like this



RBI

Shaktikanta Das

I'll exchange your notes in this manner.

$$500 \times 4 = 2000$$

$$100 \times 20 = 2000 \text{ etc}$$



👉 inflation adj.  
Value/purchasing power



👉 interest rate  
adj. value/purchasing power



✓ “TOKEN coins/notes” of equal FACE value.



✓ purchasing power worth value printed on note

1. (A) (B) (C) (D)
2. (A) (B) (C) (D)
3. (A) (B) (C) (D)
4. (A) (B) (C) (D)

# Financial features of a Bank note? (लाक्षणिकताएं)

- ◆  **Zero interest:** no interest is paid by RBI to bearer. रिजर्व बैंक ब्याज नहीं देगा आपको
- ◆  **Bond / Promissory Note:** type of security paper where someone promised to give you 'money' at a later date. (more in 1C: SEBI lecture). पैसा वापस चुकाने का वायदा किया है
- ◆  **Anonymous bearer bond:**
  - ◆ because anyone can go and encash/exchange.
  - ◆ It's not tied with holder's name, unlike a Life Insurance Policy. मेरी नोट आप जाकर बदलवा सकते हैं



1. A B C D
2. A B C D
3. A B C D
4. A B C D



Amitabh dies → Abhishek can show LIC policy → LIC pays ₹ NOT to Amjad Khan

# Demonetization: withdrawing notes from circulation (विमुद्रीकरण)

आप 500 और 1000 के पुराने नोट जमा करेंगे. सामने रिज़र्व बैंक बदलकर नए नोट देगा



1) I earned them by legally doing by  
doing advertisements of hair oil,  
toothpaste and washing powders.  
I've paid income tax, GST etc.

2) Deposits ₹15cr banned notes in a  
Bank (SBI, ICICI, Axis or Post Office)

₹15cr to depositor  
(in new currency notes)



₹15cr

Gives ₹15cr  
In currency of 10,20,  
50, 100,(new) 500,  
(new) 2000



# Demonetization: objective? (more in Pillar2: black money)

जिसने कर चोरी की थी जिसके पास काला धन था, वह नोट जमा कराने नहीं आएगा



Deposits ₹15cr banned notes in a Bank (SBI, ICICI, Axis or Post Office)

₹15cr

Gives ₹15cr  
In currency of 10,20,  
50, 100,(new) 500,  
(new) 2000

I hidden my income from tax authority.

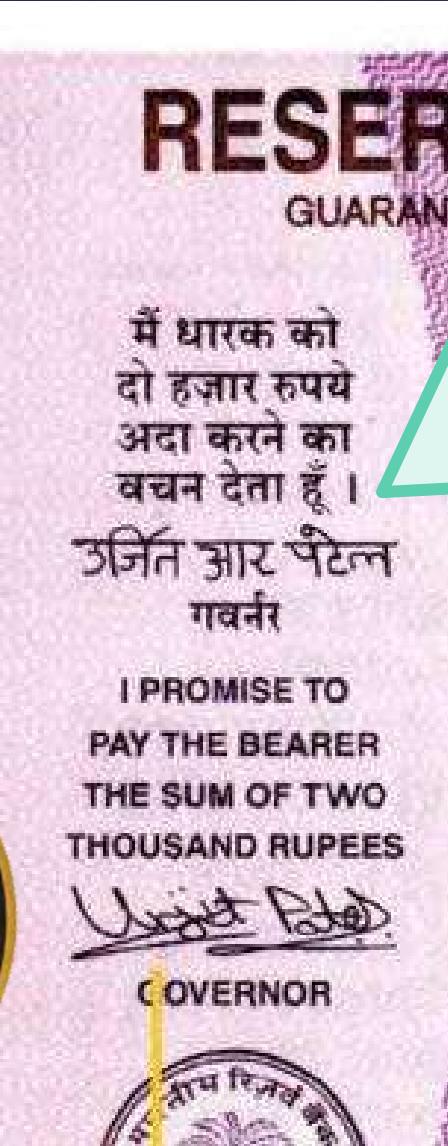
I did not pay income tax, GST etc.  
if I deposit in bank, → RAID

Bank account numbers  
getting linked with PAN card.  
IT dept will cross-verify



# Demonetization of 500, 1000 (विमुद्रीकरण)

31/12/2016 के बाद यह मेरी कानून जिम्मेदारी नहीं है इन नोटों को बदलना- आरबीआई



- RBI Governor not bound to honor this.
- So, to avoid legal complications  
→ Government made a new law: Specified Bank Notes (Cessation of Liabilities) Act

# Specified Bank Notes (Cessation of Liabilities) Act 2017

## Exchanging Notes @RBI:

- ❖ old Rs 500 and Rs 1,000 notes are no longer RBI's liability from **31/12/16**.
- ❖ But union can give grace period to deposit these notes in RBI. (e.g. NRI with proof). RBI to credit notes in bank account.
- ❖ False claims = punishment:
- ❖ Ceiling on holding old notes
- ❖ **Max. 10 notes for individual hobby**
- ❖ Max. 25 notes for **research on numismatics**
- ❖ Others allowed by court / RBI.
- ❖ Else punishment: Rs 10,000, OR 5x the value of notes whichever higher.



Figures, punishment values not imp. for exam.

- एक तय तारीख के बाद पुराने नोट नहीं बदले जाएंगे, सिवाय के **NRI**
- हॉबी , संशोधन के लिए पुराने नॉट रख सकते हो लेकिन तय माला से ज्यादा नहीं

More on  
demonetization-  
Pill2: Blackmoney



# Economy Pillar1A: Money: Evolution of



Audio/Video  
Problem?



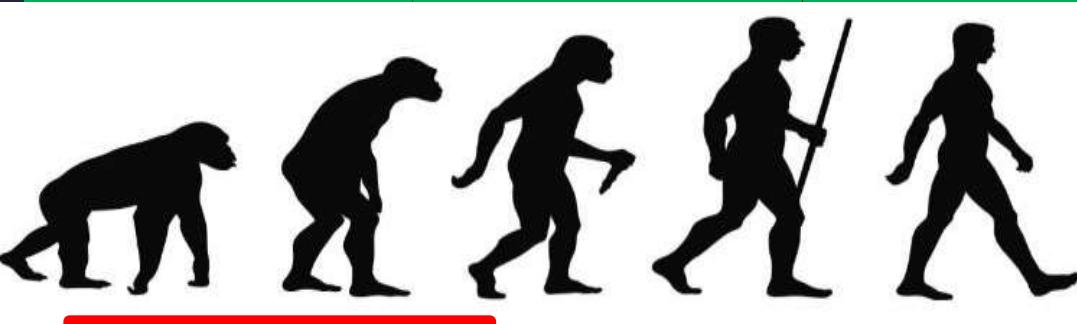
Commodity  
Money

Metallic  
Money

Paper /Fiat  
Money / legal  
tender

Bank Money,  
deposit money  
digital  
payment

Crypto  
Currency  
blockchain



Cheque  
Types

CTS CBS

NEFT

RTGS

IMPS

NPCI:  
UPI-BHIM

Card Types

Card  
Tokenization

NCMC &  
FastTag

ATM Types

MDR

Edu Doubt?  
Ask through



# What is Bank Money or Deposit Money?

बैंक में नगदी मुद्रा जमा करो → उसकी मदद से बैंक वाले आपको पैसा इस्तेमाल करने के नए साधन मुहैया कराएंगे

Legal tender

Bank account

Deposited in



Bank Money

- Paper order  
(Cheque)
- Electronic Orders  
(NEFT, RTGS, Apps etc.)
- Cards



Payment

- 1) Spot / immediate
- 2) Deferred (standing order e.g.
  - automatically deduct telephone bill money on 'x' date),
  - EMI

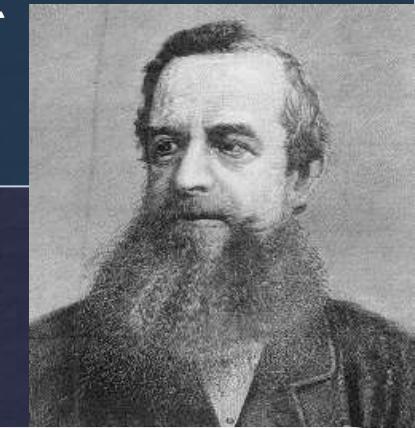
तुरंत भुगतान

स्थगित भुगतान,  
किस्तों में पैसा  
चुकाओ

चेक-स्वीकृति बढ़ाने के लिए कुछ कानून बनाना मांगता है

This law was enacted to

- ◆ to encourage **cheque usages**
- ◆ to punish **dishonor & forgery.**



Viceroy Ripon  
(Father of local  
governance)

Cheque gets dishonored by bank when

:( बैंकर चेक अस्वीकार करेगा जब

:( Insufficient  
balance

बैंक खाते में पैसा कम हो

:( Signature/date  
etc issue

दस्तखत तारीख में गडबड हो



2) Drawee  
(Bank)

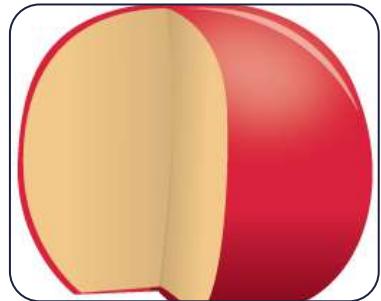
Cheque has 3 parties



3) Payee  
(Recipient)

1) Drawer  
(Sender)

# Types of Cheques based on timelimit



**Stale:** बासी हो गया अगर 3 महीने बाद डाला

- Not withdrawn in 3 months.
- Roman gave a cheque dated 1/1/2022 but I did not deposit it in 3 months from that date.



**Payee (Recipient)**



**Post dated:** इस तारीख के बाद बैंक में जमा करना

- After a specific date. E.g. Roman writes a cheque on 1/Nov/2022 with date 31/03/2023.
- (Roman may be awaiting money from third party till then)



**Ante-Dated:** अपनी परीक्षा में काम का नहीं

- ✌️ Not imp for UPSC. You may do google search to satisfy curiosity
- ✌️ but NOT the best use of your time



**Drawer (sender)**

मृणाल नाम का कोई भी  
व्यक्ति वो चेक जमा करके  
पैसा निकाल सकता है



# Types of Cheques based on crossing

## No crossing, Open Cheque, “Bearer”.

- Anyone who presents can encash from bank.
- Theft, Misuse 😞

Payee (Recipient)



## Crossed (“Payee’s A/C only”)

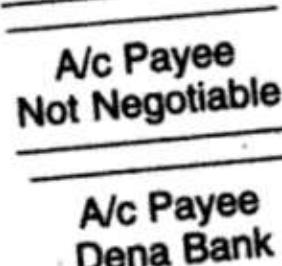
- (bank accounts linked with address proof, PAN card) so recovery possible if mischief

Mrunal



Mrunal Patel.

Roman Saini



Further technical subtypes not imp.  
For UPSC

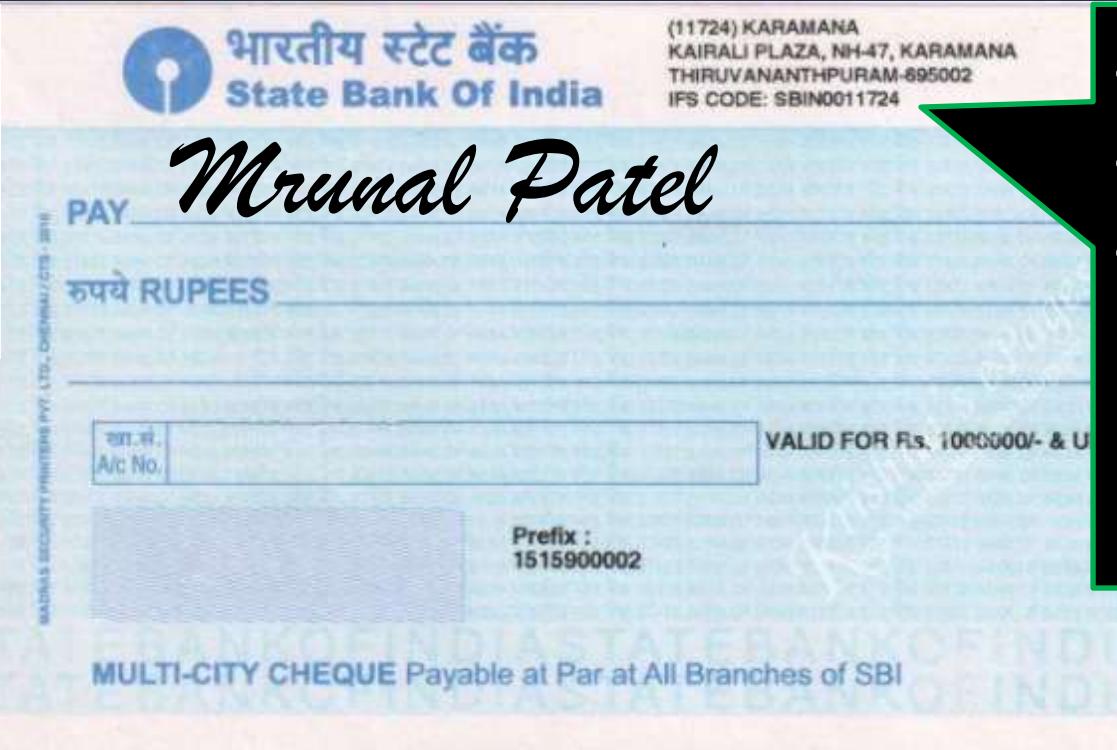
Drawer (sender)

# Parts of cheque

Valid for 3 months



Payee  
(Recipient)



Drawer (sender)

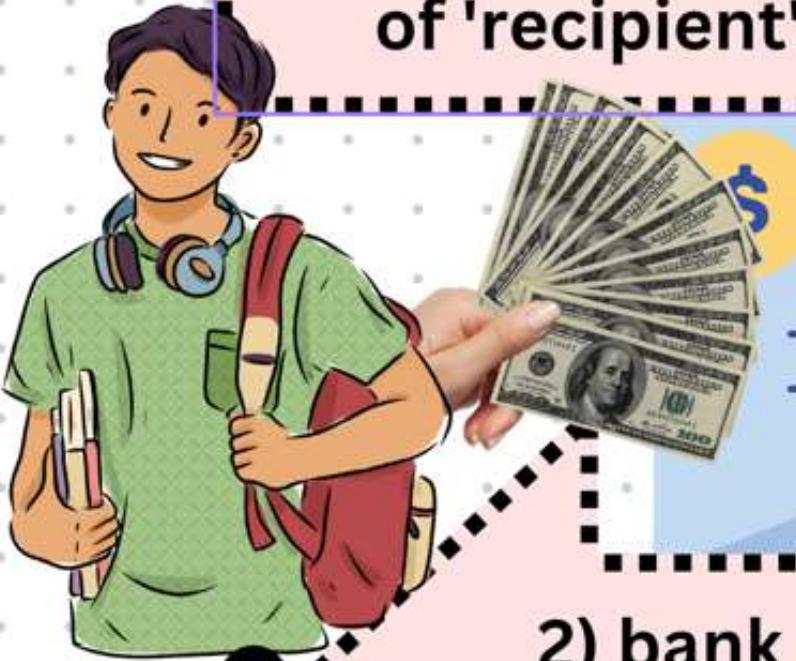
Cheque number

9 digit MICR code  
To identify authentic  
check linked with a  
particular account

Exact figures  
not imp for  
UPSC



**1) student gives money to bank with name  
of 'recipient' of DD (E.g. college fees)**



ABC college

**2) bank issues DD to  
student**

**3) student gives DD  
to college owner**



**4) ABC college owner  
deposits DD to  
collect money/fees**





**Bank account savings**  
**Balance Rs.1000**

**How to use it for shopping?**

1. Debit card
2. NEFT/RTGS/IMPS
3. Cheque

**Want to withdraw Rs.2500 but  
bank-balance of only Rs.1000  
then temp. loan Rs.1500=**  
**"OVERDRAFT"**

**Moral outrage: why not merge DD with cheque?**

**Ans. Specific business use cases. NOT IMP for exam.**

**Why not merge Amazon Pay gift card with bank transfer?**

# Economy Pillar1A: Money: Evolution of



Audio/Video  
Problem?



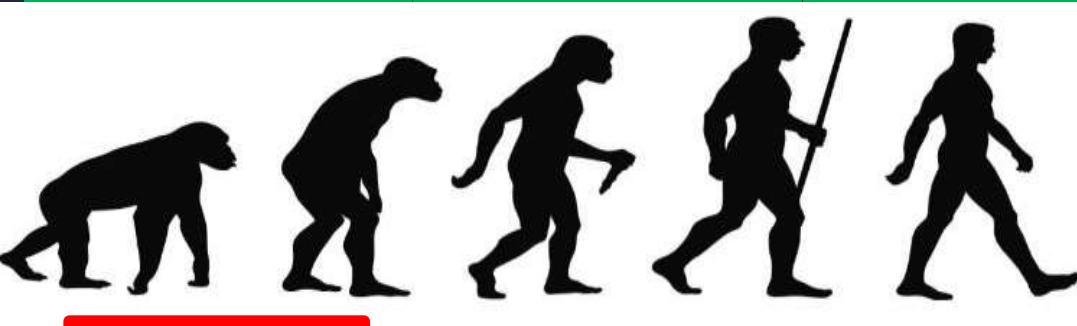
Commodity  
Money

Metallic  
Money

Paper /Fiat  
Money / legal  
tender

Bank Money,  
deposit money  
digital  
payment

Crypto  
Currency  
blockchain



Cheque  
Types, DD

CTS, CBS

NEFT

RTGS

IMPS

NPCI:  
UPI-BHIM

Card Types

Card  
Tokenization

NCMC &  
FastTag

ATM Types

MDR

Edu Doubt?  
Ask through



# Cheque clearance: transferring ₹ from drawee (Sender) to payee (receiver)

कलार्क को कैसे पता चलेगा कि रोमन सैनी के खाते से पैसा उठाना है और मृणाल को देना है



Cheque clearance



Automated clearing system (ACS)

Payable at any branch of RBP

PAY Mr. Ananta S. Eknarayan Payee Name

DATE 02/11/09 Courtesy Amount

RUPEES One lac, thirty nine thousand , eight hundred and eighty seven Legal Amount

A-No: 0123456789 Guide-lines

RESEARCH BANK PUNE-37 Signature Prasad Ambare

Code Line(MICR) #204571# 000012400# 1572244# 80



MICR (Iron oxide)  
1980s in India

OCR

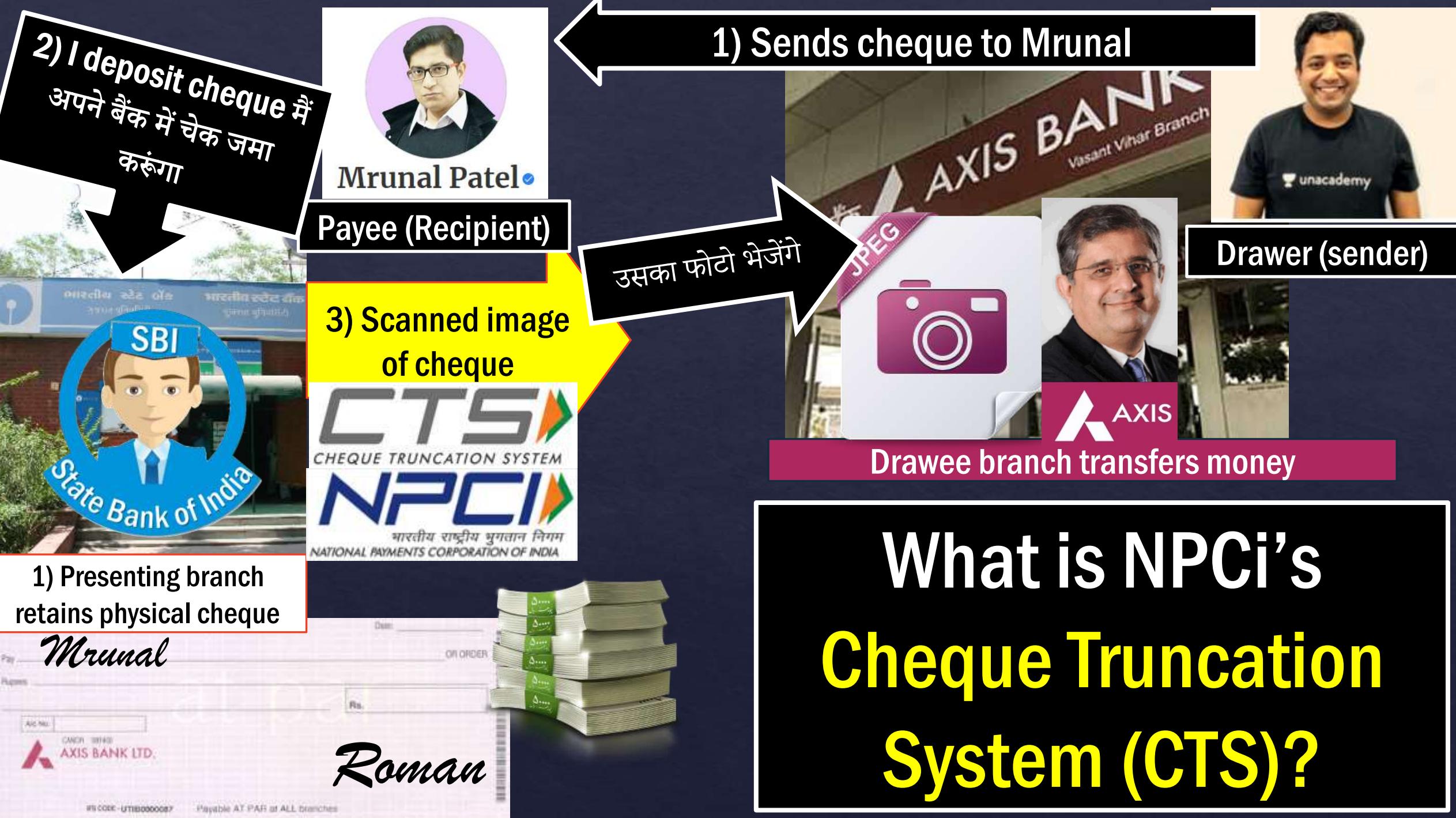
CTS-2010

Magnetic ink character recognition

Optical character recognition  
(Camscanner like)

Cheque Truncation System

NEXT slide



# Positive Pay Mechanism in CTS (RBI orders from 2021)



Mrunal Patel

Payee (Recipient)



Roman



Drawer (sender)

## Problem

- 😠 What if I steal a blank cheque, forge signature & Deposit it? अगर मैं रोमन की चेक बुक चुरा लूं और उसके जाली दस्तखत करके पैसा गबन करने की कोशिश करूँ तो?
- 😠 What if I manipulate amount amount? या फिर चेक में जो रकम लिखी गई है उसमें कोई छेड़छाड़ करूँ?

# Positive Pay Mechanism in CTS (RBI orders from 2021)



## Problem

- ⌚ What if I steal a blank cheque, forge signature & Deposit it? अगर मैं रोमन की चेक बुक चुरा लूं और उसके जाली दस्तखत करके पैसा गबन करने की कोशिश करूं तो?
- ⌚ What if I manipulate amount amount? या फिर चेक में जो रकम लिखी गई है उसमें कोई छेड़छाड़ करूं?

## Solution

- Before giving cheque
- Roman should click its picture & submit to his own bank.
- रोमन ऑरिजिनल चेक का फोटो खींचकर अपने बैंक को दे दे.



Mrunal Patel

Payee (Recipient)

3) Manipulates figure

रकम में छेड़छाड़ की

₹55,00,000

4) Sends photo



₹5,000

CANCR 08430  
AXIS BANK LTD.

IFSC CODE - UTIB0000087

Payable AT PAR at ALL branches

2) Gives cheque



Drawer (sender)

1) Sends photo



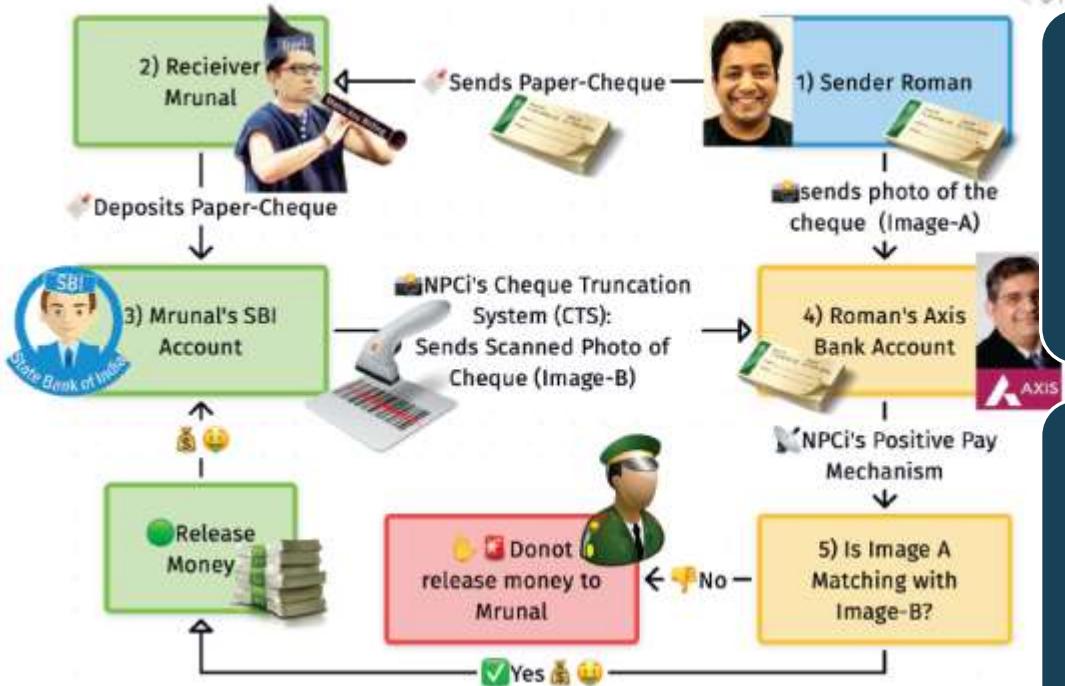
## Positive Pay Mechanism for Cheques



5) Image mismatch

6) Amount rejected  
वो पैसा नहीं देगा





# CTS

- SBI sending scanned image

MCQ: The term 'Core Banking Solutions' correct term? (Asked in UPSC Prelims-2016)

## Positive Pay

- Roman Submitting image for cross checking.



### 10.8 ELECTRONIC ORDERS / DIGITAL PAYMENT



Payment & Settlement System Act 2007 empowers RBI to regulate card payment, e-payment related products and services. (भुगतान और निपटान प्रणाली अधिनियम 2007)

#### 10.8.1 E&C

⇒ It is a banking banking. E.g

⇒ Budget-2 (CBS). So, th

Q What is P

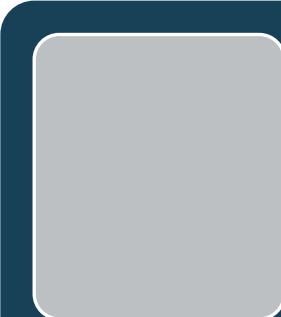
**Given in Handout  
accept and memorize.**

RBI's RTGS: Real Time

SBI's NEFT:

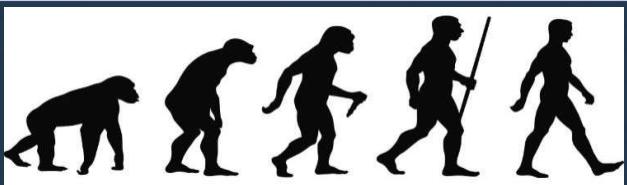
## Internal difference is important?

- NO



SS System tc.	Settlement mechanism	Instant settlement (झटपट/ तुरंत निपटाया)	Settles net amount between banks at interval of 30 min.	Instant settlement
	Timing	BEFORE: Only working days 8AM to 5:30PM(SBI)	BEFORE: from 8 am to 7 pm on working days. From 2019-Dec:	24/7 on all days (दिन रात अविरल रूप से)

# Pillar1A1: Money



Commodity Money

Metallic Money

Paper / Fiat Money / legal tender

Bank Money, deposit money digital payment

Cry  
Cur  
blo

Cheque Types

CTS

CBS

NEFT

RTGS

IMPS

Card Types

Card Tokenization

NCMC & FastTag

ATM Types

MDR

**Overdraft:** When person has insufficient bank balance, still he may withdraw money from his account (as a loan). Such facility is called Overdraft. Pradhan Mantri Jan-Dhan account has Overdraft upto Rs 10,000/- with certain conditions. (*More in Pillar1D: Financial Inclusion*).

- o Overdraft is mainly for short-term operating expenses
- o Loans is mainly for longer term higher value expenses.

10.6.2 Cheque → NPCI's Cheque Truncation System (CTS-2010)

- CTS= canned image of cheque electronically sent to the drawee branch for faster clearance without theft or tempering. MICR readers NOT required.

10.6.3 Cheque → Positive Pay Mechanism for Cheques

Suppose Roman (Axis Bank, Bengaluru) sends ₹50,000 cheque to Mrunal (SBI, A'bad)

	Cheque clearance Until now	Positive Pay Mechanism (Extra-steps)
Sender (Roman)	Roman writes check, gives to recipient Mrunal	Roman (issuer) clicks cheque's photo () & uploads on Axis Bank's App / Bank's Webportal or send details via SMS2Axis like 'I've given this cheque number-X with Amount-Y to Mrunal on Date-Z'
Recipient (Mrunal)	Deposits cheque in SBI, A'bad	Same
Recipient's Bank (SBI)	SBI staff sends scans cheque → sends () to Axis via NPCI's CTS	Same
Sender's Bank (Axis)	Receives msg via CTS, → verifies () → releases ₹	Axis crosschecks whether  =  ? If, no mismatch/discrepancy → releases ₹
Benefit?	What if Mrunal (recipient) manipulated/tempered cheque. E.g. 50k add "00" → 50 lakhs !	Positive Pay Mechanism prevents such tempering / fraud by Cheque Recipient.

⇒ 2016: ICICI Bank introduced Positive Pay for its customers.

⇒ 2020: RBI has ordered all banks to implement it from 1/1/2021 onwards. (

- o (Optionally available to customers) for amounts above ₹50,000/- (
- o (Compulsory required) IF amount = ₹5 lakh and above. (

10.7 ELECTRONIC ORDERS / DIGITAL PAYMENT



1) Suppose you deposited ₹10k in your bank account

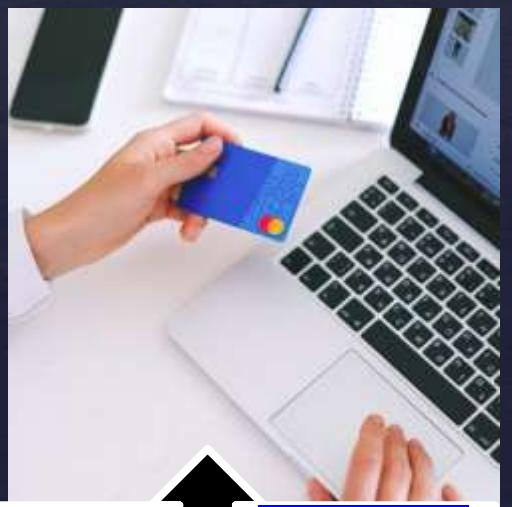


2) Later u can login to your bank account in Mobile App. It shows ₹10k balance



How E-Banking works?  
Core Banking solution  
(CBS)

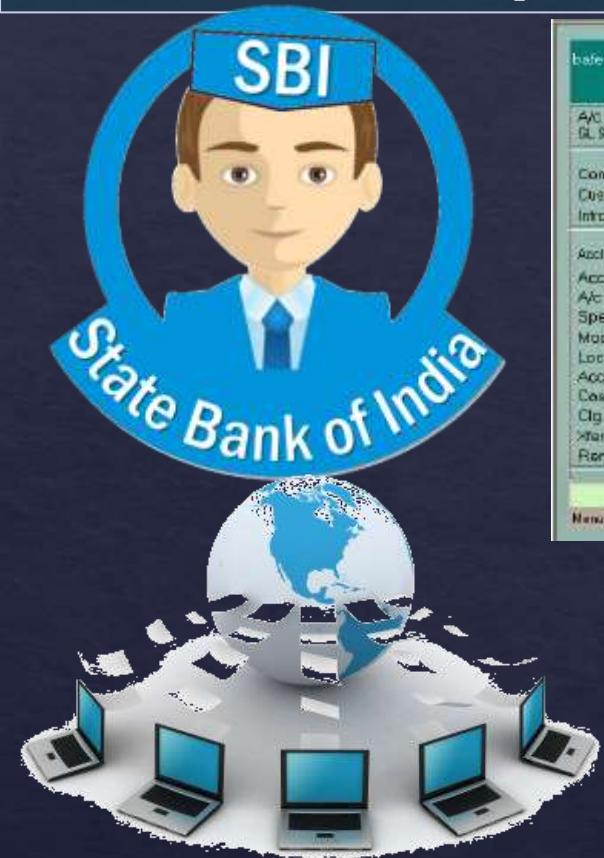
A/C Num.	67510	Ledger No.	600
GL Subject Code	U.S. - OTHER LOANS	Collect Charges ?	Y
Customer Status	GENERAL	Turnover Details ?	N
Introducer's Name	SOHAN SINGH RATHORE	Stat Id.	
Constitution	MALE	Relative to Stat Id?	N
Customer Status	GENERAL	Relative Stat Id	
Introducer's Name	SOHAN SINGH RATHORE	Cash Exception Limit Dr.	20,000.00
Constitution	MALE	Ctg. Exception Limit Dr.	0.00
Customer Status	GENERAL	Other Exception Limit Dr.	10,00,00,00.00
Introducer's Name	SOHAN SINGH RATHORE	Remarks	



Inko Kya Hi Pata Chalega

3) Desktop website  
mein bhi ₹10k

# How E-Banking works? Core Banking solution (CBS) =software with web-platform example software names : BanCS, Finacle (not IIMP 4 UPSC )

A screenshot of a computer screen displaying a software interface for 'Open an Account'. The interface is titled 'Open an Account' and shows 'General Account Details'. The form contains various fields: Account Number (67570), GL Subhead Code (LIA- OTHER LOANS), Customer Status (GENERAL), Introducer's Name (SOHAN SINGHRATHORE), Client Id (T052603), Scheme Code (PUDHE), Customer Name (SOHAN SINGH RATHORE), Occupation (MALE), Short Name (S), Status (PDG (RATION) CARD), Acct Name (SOHAN SINGH RATHORE), Acct Short Name (S), A/c Open Date (09-05-2007), Special Charge Code (01 SINGLE), Mode Of Operation (001 GTE), Location Code (600 GREATER MUMBAI), Account Mgr (Cash Exception Limit Dr. 20,000.00, Drg. Exception Limit Dr. 0.00, Xfer Exception Limit Dr. 10,000.00), Remarks (Remarks field), and Ledger No (PUDHE). There are also checkboxes for Collect Charges?, Turnover Details?, Staff Id, Relative to Staff?, and Relative Staff Id. At the bottom, there is a menu bar with options like 'File', 'Edit', 'View', 'Insert', 'Format', 'Print', 'Help', and 'Exit'.

## Core Banking Solution →

- Centralized digital banking
- Data management
- Synchronization

**CBS** = बैंक की सारे लेन-देन हिसाब-किताब → ऑनलाइन सर्वर में संकलित हो.

हर छोटे काम के लिए ब्रांच में जाना नहीं पड़े. ऑनलाइन अपना बैलेंस चेक कर सकते हो, लेनदेन कर सकते हो

# Pillar#1A: Money



Commodity Money

Metallic Money

Paper /Fiat Money / legal tender

Bank Money, deposit money digital payment

Crypto Currency blockchain

कल सुबह पहली फुर्सत  
में Handout पढ़कर  
खत्म करो यह सब

Cheque Types

CTS, CBS

NEFT

RTGS

IMPS

NPCI:  
UPI-BHIM

Card Types

Card Tokenization

NCMC & FastTag

ATM Types

MDR

RBI



Shaktikanta Das



RTGS

large value  
transaction e.g.  
Rs. 2000cr.



NEFT

upto Rs.10 lakh



Tomorrow in  
detail  
. just for warmup



भारतीय राष्ट्रीय भुगतान निगम  
NATIONAL PAYMENTS CORPORATION OF INDIA



upto Rs.5 lakh



# Pillar#1A: Money



कल सुबह पहली फुर्सत  
में Handout पढ़कर  
खत्म करो यह सब

Commodity Money

Metallic Money

Paper /Fiat Money / legal tender

Bank Money,  
deposit money  
digital payment

Crypto Currency blockchain

Cheque Types

CTS, CBS

NEFT

RTGS

IMPS

NPCI:  
UPI-BHIM

Card Types

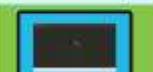
Card Tokenization

NCMC &  
FastTag

ATM Types

MDR

Audio/Video Problem?



CTRL R

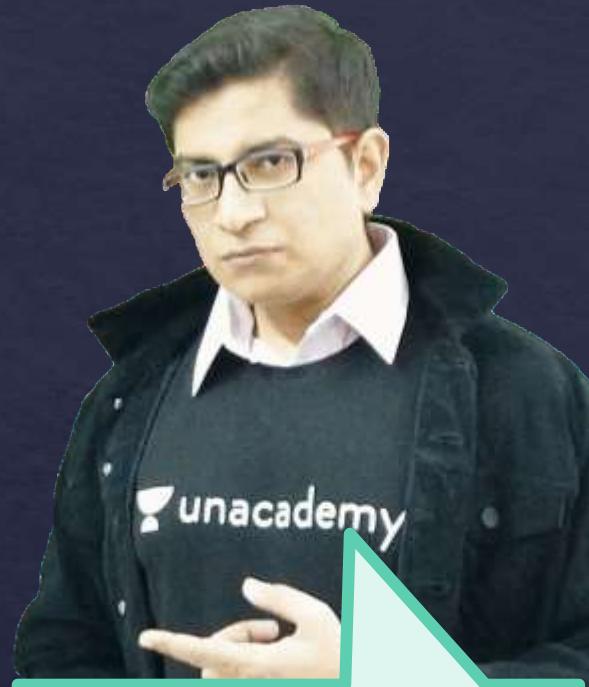
Edu Doubt?

Ask through



Which one of the following statements correctly describes the meaning of legal tender money? वैधानिक निविदा मुद्रा का मतलब क्या है

- (a) The money which is tendered in courts of law to defray the fee of legal cases. वो पैसा जो अदालतों में कानूनी केस की फीस भरने के लिए इस्तेमाल होता है
- (b) The money which a creditor is under compulsion to accept in settlement of his claims. वो पैसा जिसे कर्जा देने वाले ने स्वीकारना ही होता है
- (c) The bank money in the form of cheques, drafts, bills of exchange, etc.
- (d) The metallic money in circulation in a country. किसी देश में चल रहे हैं धातु के सिक्के



- Vote in the votebox.
- ⚡ No need to type things in chatbox.

100% Surety

50:50

Skip

## UPSC asked legal tender money

Which one of the following statements correctly describes the meaning of legal tender money? (Asked in UPSC-Pre-2018)

- (a) The money which is tendered in courts of law to defray the fee of legal cases. जो कानूनी केस की फीस भरने में इस्तेमाल होता है
- (b) The money which a creditor is under compulsion to accept in settlement of his claims. कर्जा देने वाले ने स्वीकारना पड़ता है
- (c) The bank money in the form of **cheques, drafts, bills of exchange**, etc. यह तो पक्का नहीं ही है
- (d) The **metallic money in circulation** in a country.?? लेकिन इधर नगदी नोटों का जिक्र नहीं है तो अन्य आँप्शन चेक करते हैं



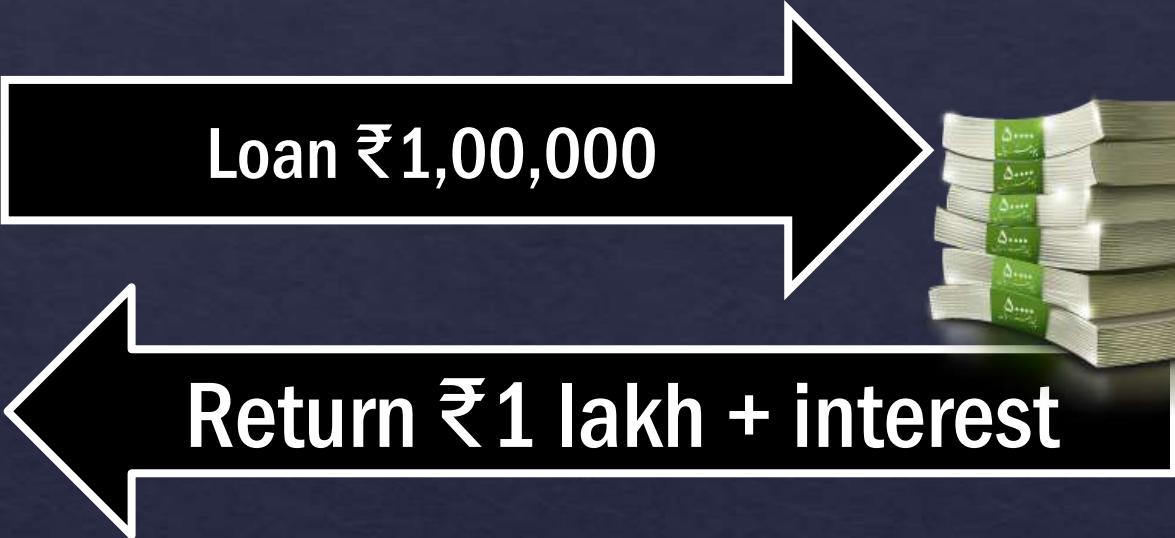
D) Doesn't mention currency notes. So let's look for a better alt.

100% Surety

50:50

Skip

# Indian Rupee coins and currency notes = Legal tender in India



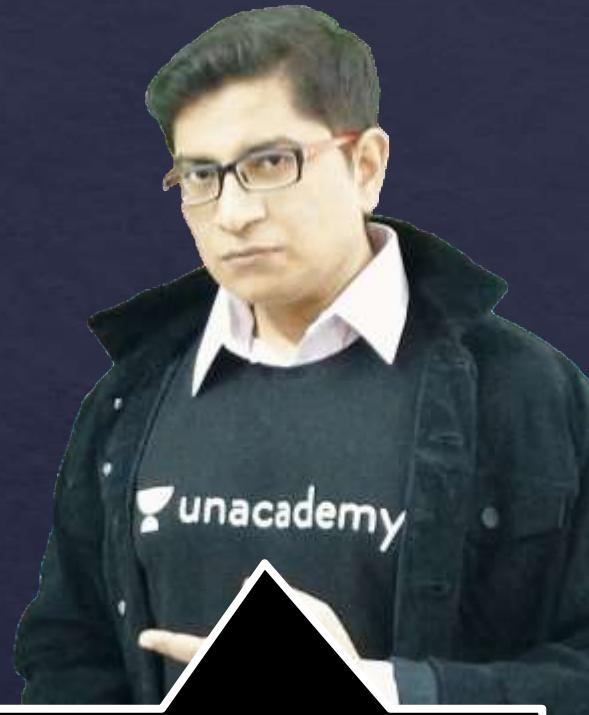
- **MUST** accept Rupee currency.
- Can't REFUSE to accept Rupee.
- Can refuse re-payment in dollar, yuan, bitcoin etc in India.

कर्जदार जब कर्ज वापस करेगा तो ये रुपये वाली मुद्रा स्वीकार करनी ही होगी भारत देश में

## UPSC asked legal tender money

Which one of the following statements correctly describes the meaning of legal tender money? (Asked in UPSC-Pre-2018)

- (a) The money which is tendered in courts of law to defray the fee of legal cases. ~~Guessmastergiri word association court=legal.~~
- (b) The money which a creditor is under compulsion to accept in settlement of his claims. स्वीकार करने से मना नहीं कर सकता
- (c) The bank money in the form of cheques, drafts, bills of exchange, etc.
- (d) The metallic money in circulation in a country.



“B” is more suitable option than “D”

100% Surety

50:50

## Live QUIZ in live class

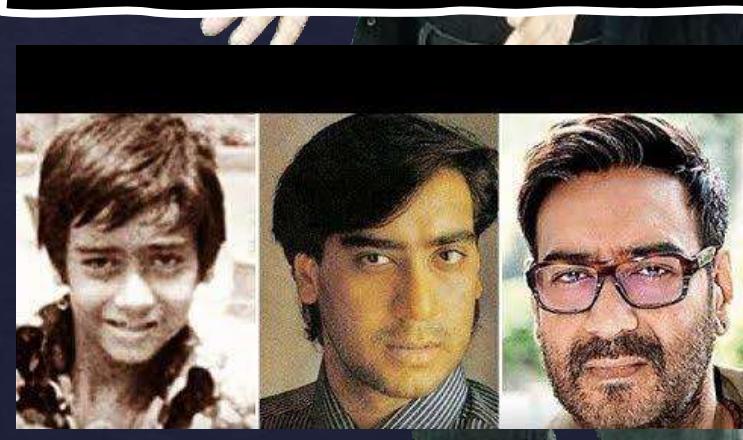
- ◆ You may see some students click answer within 1sec.
- ◆ Usual case: previous batch students, again sitting for revision. (as such I've suggested them to use time for other parts GS in the lecture#1 yesterday.)
- ◆ @Freshers = Don't feel stressed because of it.



दुसरोने 1-2 सेकंड मे जवाब दे  
दिया वो देखके हतोत्साहित  
होने की जरूरत बिलकुल नहीं

### UPSC Prelim

- ◆ SCORE given for correct ans and
- ◆ No extra marks for “HOW RAPIDLY u ticked it.”



# FAQ

- ❖ Other students are getting good scores. Should I read handout in advance, before coming to the class? दूसरे लोग मेरे से ज्यादा मार्क ला रहे हैं? 😠

हमेशा कोई तो आपसे आगे ही होगा। जिसको मालूम है अकबर कोनसी शताब्दी में हुआ था।

- ❖ Ans.

- ❖ No need to read in advance before the class.

- ❖ But, read it immediately NEXT Morning, once a topic is over in previous night lecture.



Tick/highlight the right answers in the handout after class

◆ I'll not be giving any 'separate handout containing solution' to the MCQs given in the handout.

◆ So you tick the correct answers after the class in the handout itself. (FOXIT PDF reader: HIGHLIGHTER)

◆ Because if you don't clear the exam in this cycle. After 1 year, even these MCQs may feel 'doubtful'. .... What was the correct answer? And at that time your subscription may be over / powerpoint walli harddisk may have got corrupted.



गणित की किताब  
नहीं है की अंत मे  
जवाब दिये होंगे।

MCQ: Which one of the following is not money? (Asked in UPSC-Pre-2018)  
(a) The money which is tendered in  
(b) The money which a creditor is u  
(c) The bank money in the form of c  
(d) The metallic money in circulatio

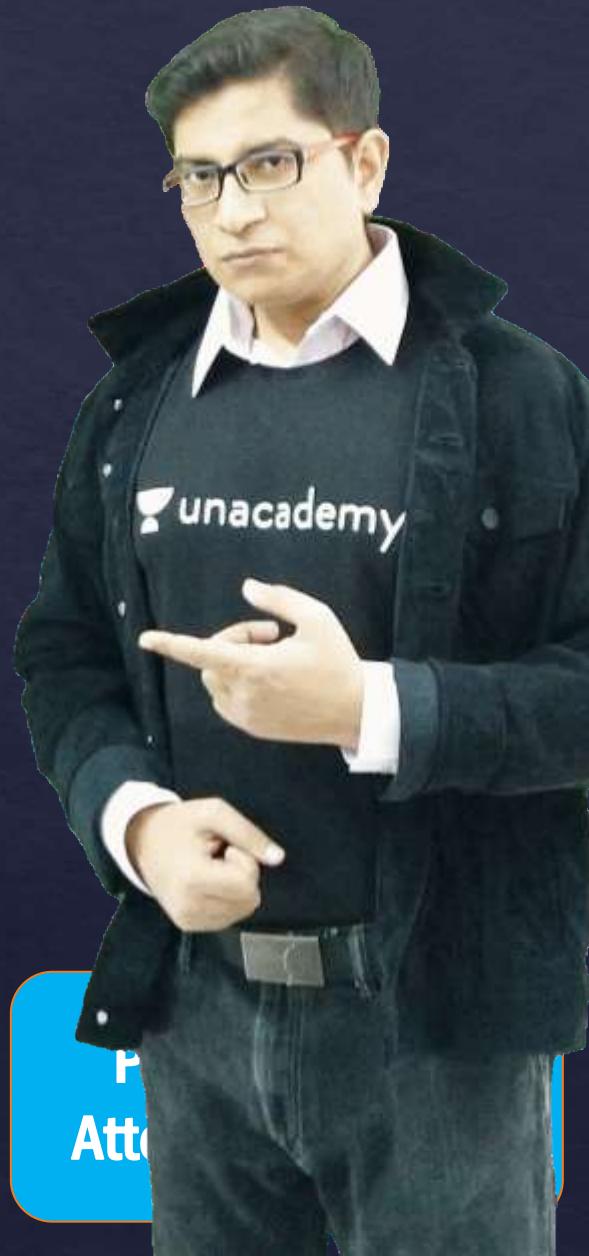
MCQ: Consider the following :  
1. In India the minimum denominatio  
2. Coins below 50 paise is not a le  
Which of the statements given above  
(a) Only 1      (b) Only 2

## **UPSC Question in CDS-2011 (for recruitment of Officers in Army, Navy, Airforce)**

# Consider the following statements

1. In India the minimum denomination coin acceptable for transaction is 50 paise. लेनदेन के लिए न्यूनतम रूप से वैध सिक्का है 50 पैसे का सिक्का
  2. Coins below 50 paise is not a legal tender for payment. 50 पैसे से कम/छोटी रकम वाले सिक्के वैधानिक निविदा नहीं हैं भारत में

## Which of the statements given above is/are correct?



# Fiat Money → Legal Tender



**Coins = Limited Legal tender(सीमित)**

- Rs. 1 note. 1 Rs coin and above → upto Rs.1000 payment YES
- 50 paisa x 20 coins → Rs.10 YES
- **Below 50 paisa withdrawn (2011). e.g. 10 paisa, 25 paisa= no longer legal tender.**

- बाजार में सिक्को की किल्लत न हो और गिनने में असुविधा ना हो इसलिए सीमाएं बनाई
- **Coins = low value transactions.**
- **If coins used in large transaction =shortage, inconvenience.**
- **So law allows the other party to refuse to accept it.**

हालांकि 50 पैसे से छोटी रकम के सिक्के जैसे कि 10 पैसा 25 पैसा , सरकार ने बंद करवा दिए हैं.  
तो उसको स्वीकार करने से व्यापारी मना कर सकता है



q) you said this  
50 paisa legal tender but my  
shopkeeper refuses to accepted  
मेरे शहर में मेरे दुकानदार 50 पैसे का सिक्का स्वीकार  
नहीं करता



Ans. Send your complaint to following people. until  
it is rectified, prepare the things for MCQs taught in  
the class

वो सब पंचात छोड़ो परीक्षा के लिए इतना पढ़ना है पढ़ के आगे बढ़ो

आप की  
अदालत

रजत शर्मा  
INDIA TV



Ques/Pkt. Post-Semester Review-PCB3-UPSC-CSE-2021  
I'll reply to your questions either in food & work坊 or in  
a public event's Doubts-Qn in your course page -  
Topic: I personally reply to your questions in previous batches  
so I am going to do the same for this session as well. If you have  
any specific question, please ask it now.

Doubts/Queries - Batch-PCB3- Mrunal's  
Economy Course at Unacademy Plus for  
UPSC-CSE-2021

Please put your doubts and queries corresponding to the session and topic so that I can  
clear it in weekly PDF file.

\* Required

What is your Unacademy Username? \*

Your answer

Which image describes you the best? (इनमें से कौन सा चिक्का आपको लगू लगता है) \*

A) Pikachu Never appeared

B) Pikachu Approved but unsuccessful

C) Pikachu Approved but successful

D) Pikachu Approved but unsuccessful

I want to know if I can reply to your question in a better manner (यदि ये जवाब आपको लगू लगता है तो)

1 2 3 4

Select Code from Image:

My Educational Doubt relates to (मेरा प्रश्न दूसरे विषय पर है) \*

E) MPPR

F) Budget Taxation

G) M&T Trade

H) Various of Economy

I) MPPR

J) Economy & Govt. of India

K) Economic Growth

L) Economic Crisis

M) Technical Issue related to  
Prashant@unacademy.com

This form is for the Educational Doubts.  
To know more about Unacademy, visit [www.unacademy.com](http://www.unacademy.com)

1 2 3 4 5 6 7 8 9

↗ google form  
not useful in this  
case

# UPSC Question in CDS-2011

# Consider the following statements

1.  In India the minimum denomination coin acceptable for transaction is 50 paise. 50 paise not
  2.  Coins below 50 paise is not a legal tender for payment. Yes 10p,25p withdrawn in 2011.

## Which of the statements given above is/are correct?



## **100% Surety**

50:50

Skip



50 पैसे के सिक्के गैरकानूनी नहीं है  
व्यापारी उसे लेने से मना करें तो आप  
पुलिस में शिकायत करें लेकिन वह सब  
में पढ़ोगे तो सिलेबस कब खत्म करोगे

# Try this Asked in UPSC Prelims-2016

## What is /are the primary objective(s) about ‘Core Banking Solutions’?

1. It is a networking of a bank's branches which enables customers to operate their accounts regardless of where they open their accounts. ग्राहक कहीं से भी अपना अकाउंट ऑपरेट कर सकता है
  2. It is an effort to increase RBI's control over commercial banks through computerization. आरबीआई बैंकों के ऊपर अच्छे से नियंत्रण रख सके
  3. It is a detailed procedure by which a bank with huge non-performing assets is taken over by another bank. ऐसी प्रक्रिया जिससे एक बैंक दूसरे बैंक को खरीद ले

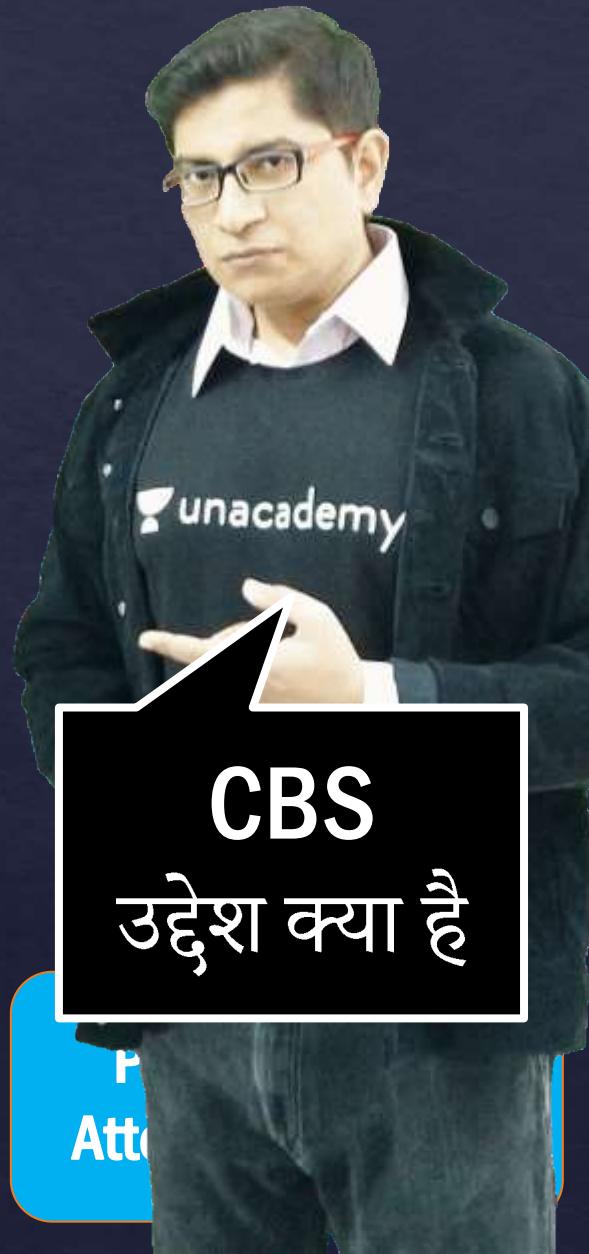
## Answer

(a) 1 only

**(c) 1 and 3 only**

**(b) 2 and 3 only**

(d) 1, 2 and 3



CBS

## उद्देश क्या है

## **100% Surety**

50:50

Skip

P  
Att

1) Suppose you deposited ₹10k in your bank account



2) Later u can login to your bank account in Mobile App. It shows ₹10k balance



How E-Banking works?  
Core Banking solution  
(CBS)

A screenshot of a Core Banking System (CBS) software interface. The screen displays various account details for a customer named SOHAN SINGH RATHORE. Key information shown includes:

Constitution	MALE	Occupation
Customer Status	GENERAL	Short Name
Introducer's Name	SOHAN SINGH RATHORE	Status
Acc Name	SOHAN SINGH RATHORE	Acc Report Code
Acc Short Name	S	Ledger No.
A/c Open Date	09-05-2007	Collect Charges?
Special Charge Code		Turnover Details?
Mode Of Operation	01 SINGLE	Stat Id.
Location Code	600 GREATER MUMBAI	Relative to Shelf?
Account Mgr.		Relative Staff Id.
Cash Exception Limit Dr.	20,000.00	Dr:
Cdg Exception Limit Dr.	0.00	Dr:
Other Exception Limit Dr.	10,00,00,00.00	Dr:
Remarks		

3) Desktop website  
mein bhi ₹10k



Inko Kya Hi Pata Chalega

## Try this

## **What is /are the primary objective(s) about ‘Core Banking Solutions’?**

1. It is a **networking of a bank's branches** which enables customers to operate their accounts regardless of where they open their accounts.
  2.  It is an **effort to increase RBI's control over commercial banks through computerization.**
  3.  It is a detailed procedure by which a bank with **huge non-performing assets is taken over by another bank.**



## Answer

**(a) 1 only**

**(c) 1 and 3 only**

**(b) 2 and 3 only**

**(d) 1, 2 and 3**

- #3 is definitely wrong. So by elimination  
ans is “A”
  - जब भी प्रमुख या प्राथमिक उद्देश्य पूछा हो तो बीरबल की  
खिचड़ी मत पकाओ

## **100% Surety**

50:5

# बीरबल की खिचड़ी



Vessel is here



Fire is here

This will take very long time to cook because flame is not directly connected with vessel.

Vessel is here



Fire is here

RBI can use it for ‘monitoring’ but  
that’s not the primary objective  
आरबीआई को निगरानी करने में भी सुविधा होगी  
लेकिन वह CBS का उद्देश्य नहीं है  
कि हर छोटी काम के लिए आपने ब्रांच  
में रूबरू जाना नहीं पड़े

1) Suppose you deposited  
₹10k in your bank account



2) Later u can login to your bank  
account in Mobile App.  
It shows ₹10k balance



How E-Banking works?  
Core Banking solution  
(CBS)



3) Desktop website  
mein bhi ₹10k

Inko Kya Hi Pata Chalega

## Try this

## **What is /are the primary objective(s) about ‘Core Banking Solutions’?**

1. It is a **networking of a bank's branches** which enables customers to operate their accounts regardless of where they open their accounts.
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खिचड़ी मत पकाओ

## **100% Surety**

50:5

# Money Transfer



Payment System



RBI's  
Centralized  
Payment System



NPCI's IMPS



Small value  
e.g. max 10 lakh  
30-30 minutes



large value  
Max. 2000 cr



IMPS

Small value  
Instant transfer

# What is NEFT?

Sending	From SBI to Axis
<i>customer#1</i>	5 →
<i>customer#2</i>	5 →
Total (8AM-8:30AM)	10 →

सुबह-सुबह स्टेट बैंक ऑफ इंडिया  
के खाताधारक  
एक्सिस बैंक के खाताधारकों को  
कुछ पैसा भेजना चाहते हैं



## NEFT: Half Hourly settlement

Sending	From SBI to Axis	From Axis to SBI
<i>customer#1</i>	5	5
<i>customer#2</i>	5	3
Total (8AM-8:30AM)	10	8
NET (incoming)		

- If we manually send truckload of ₹
- it'll take lot of time, and susceptible to Hollywood style robberies 😱 😱



एक्सीडेंट हो गया रब्बा  
रब्बा... 😱



# NEFT: Half Hourly settlement

हर आधे घंटे पर शुद्ध रूप से कितना पैसा देना या लेना है? सिर्फ उतना लेनदेन करो

Sending	From SBI to Axis	From Axis to SBI
<i>customer#1</i>		5
<i>customer#2</i>	5	3
Total (8AM-8:30AM)	10	8
NET (incoming)	-2	+2

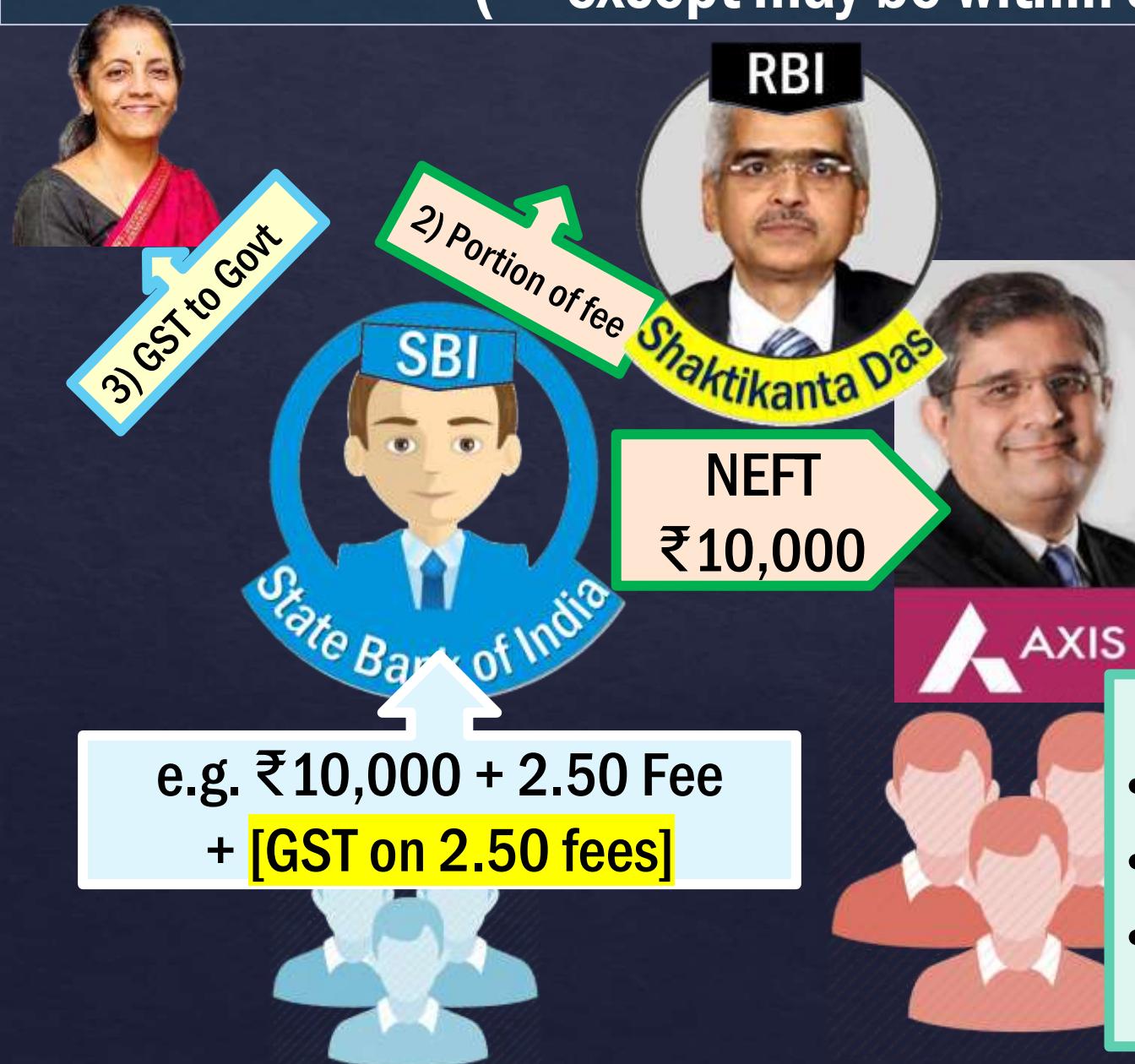
A settlement system where a large number of transactions are accumulated and offset against each other, with only the net difference being transferred at the end of a given settlement cycle. It may reflect in customer's bank website screen immediately but actual "Administrative" transfer of money is done in 30-30 minutes cycles.



Every bank has an account at RBI's E-Kuber CBS platform

Originally, NEFT service was not 'free' - शुरू शुरू में यह सुविधा मुफ्त नहीं थी

(\*\*except may be within same bank SBI2SBI).



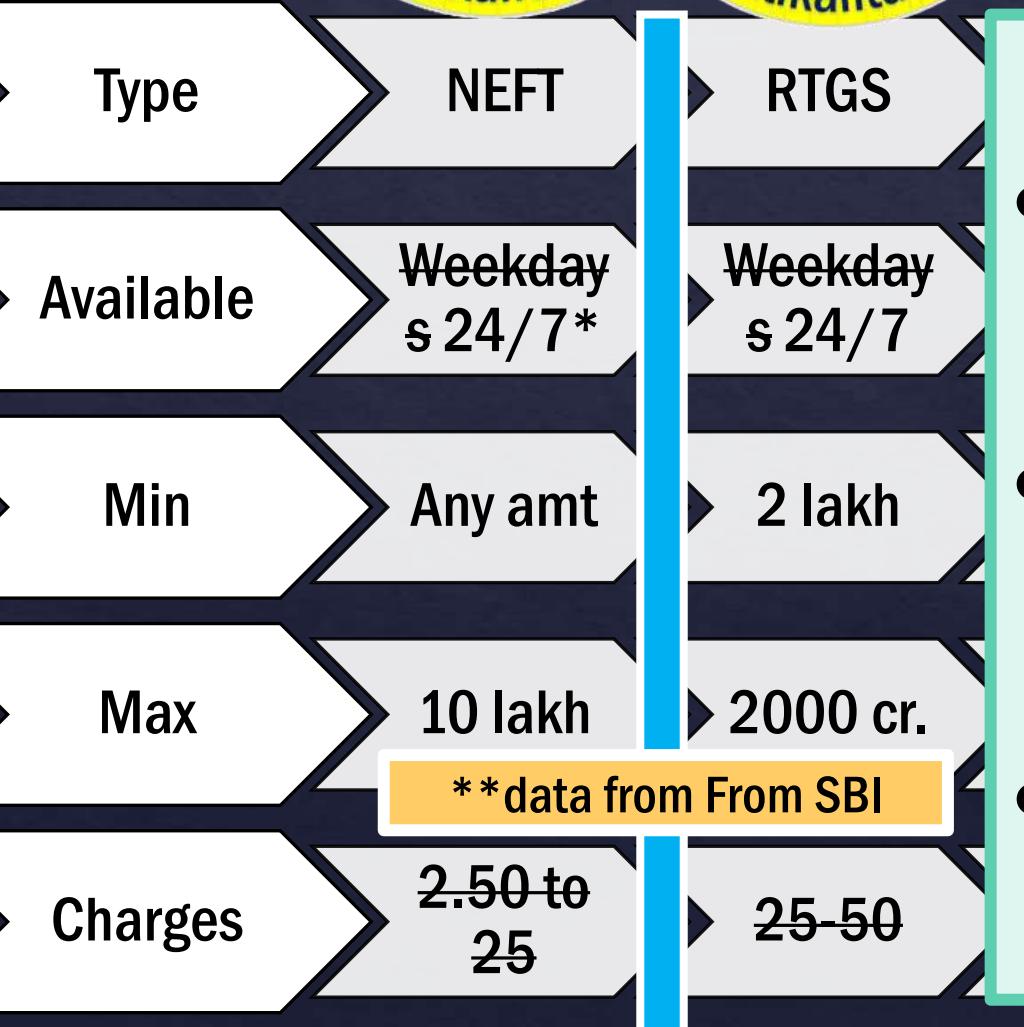
13. What are the service charges applicable for RTGS / NEFT trans

- Charges for RTGS / NEFT are as listed in the following table:

NEFT Transactions	
Amount (in Rs.)	Existing Charges for Branch (exclusive of service tax)
Upto Rs.10,000/-	Rs.2.50/-
From 10,001/- to 1 lac	Rs.5/-
Above 1 lac up to 2 lac	Rs.15/-
Above 2 lac	Rs.25/-

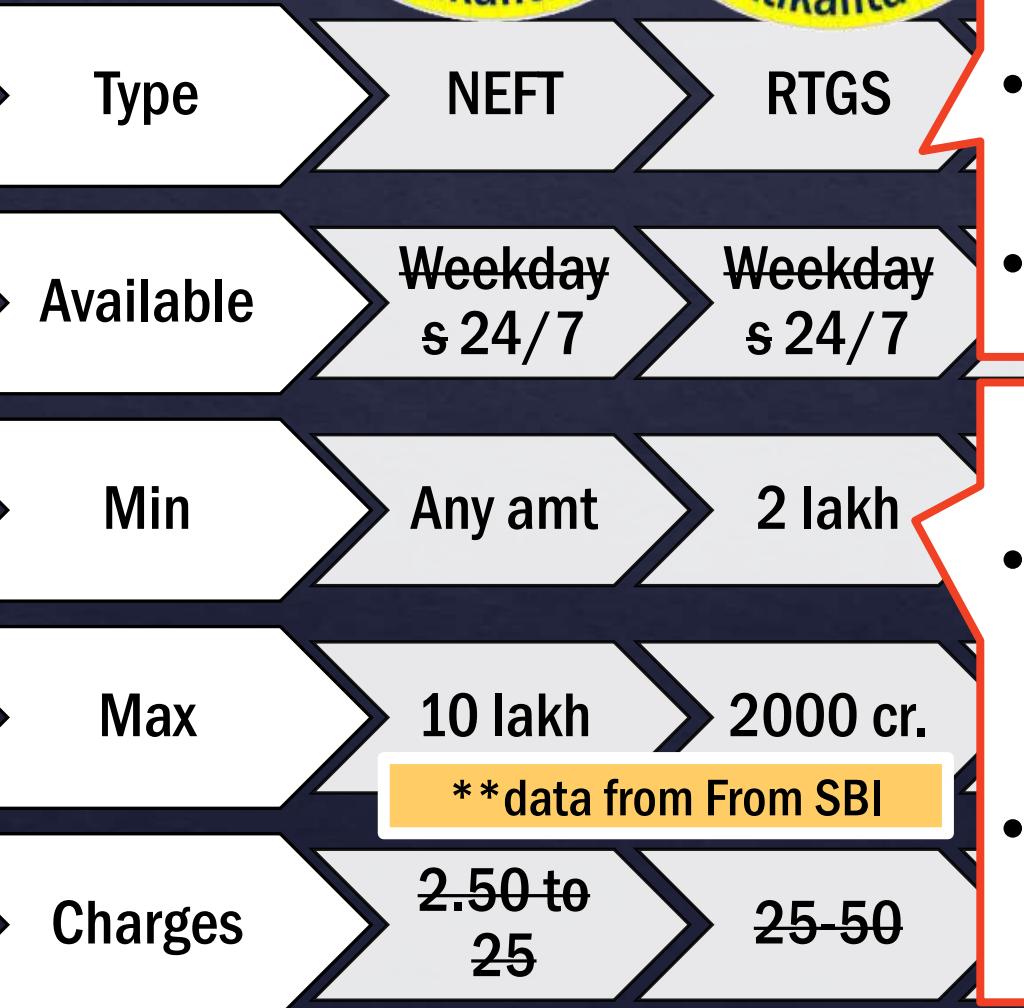
- 2019: RBI says ₹0 fees.
- ₹0 fees pe GST% = ₹0 Tax.
- Benefit: Digital economy promoted

# RTGS: Real Time Gross settlement



- I want to transfer 500 crores, अभी के अभी!
- मुझे चुटकी बजाके पैसा भेजना है आधे घंटे तक **wait** नहीं कर सकता मैं
- 30 minutes wait ...nhi

# RTGS: Real Time Gross settlement



- RTGS is **instantly settled individually**, whereas
- NEFT: **30 minutes in “BATCHES”**
- RTGS is for **high value / large scale / corporate customer transactions**  
रईसों के लिए है
- NEFT = **retail / mid-value**

I want to transfer 500 crores, अभी के अभी!

30 minutes wait nhi

# Mortal outrage and overthinking is unnecessary

यह ऐसा ही है

- ❖ WHY NEFT and RTGS is separate?  
WHY doesn't RBI merge them!!!!?

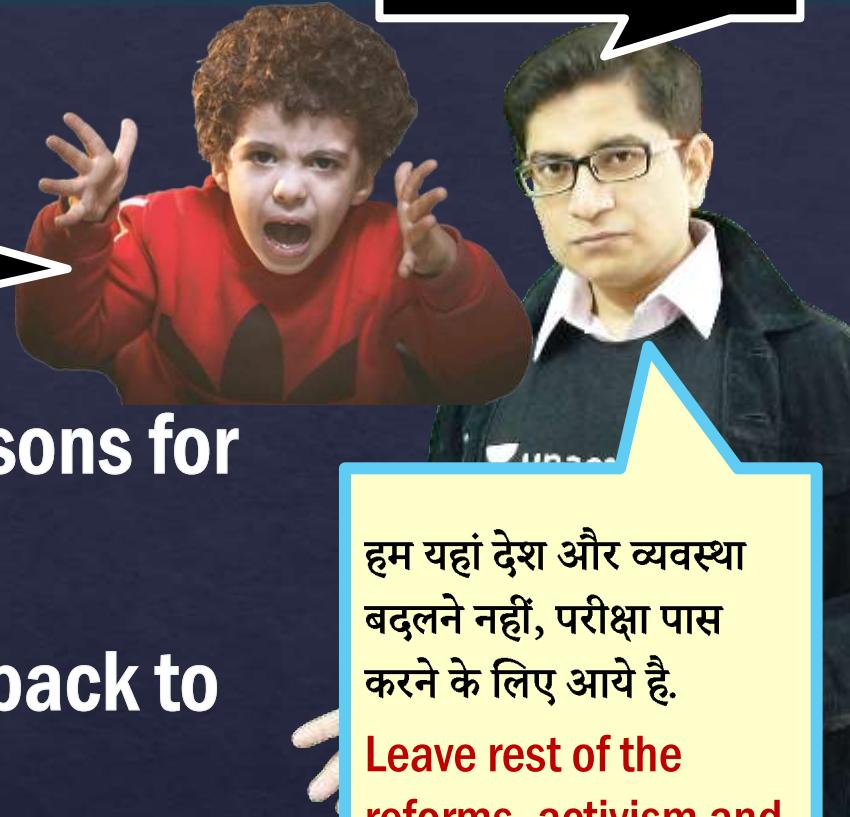
Ans.

- ❖ RBI must have some **technical & operational** reasons for keeping them separate.

- ❖ If you **feel so passionate** about it, then send feedback to  
<https://www.rbi.org.in/Scripts/helpdesk.aspx>

- ❖ But until that's implemented, prepare the things as they're given in handout. जब तक आपके सुझाव को रिजर्व बैंक लागू नहीं करती तब तक हैंड आउट में दिया है वह रट लो

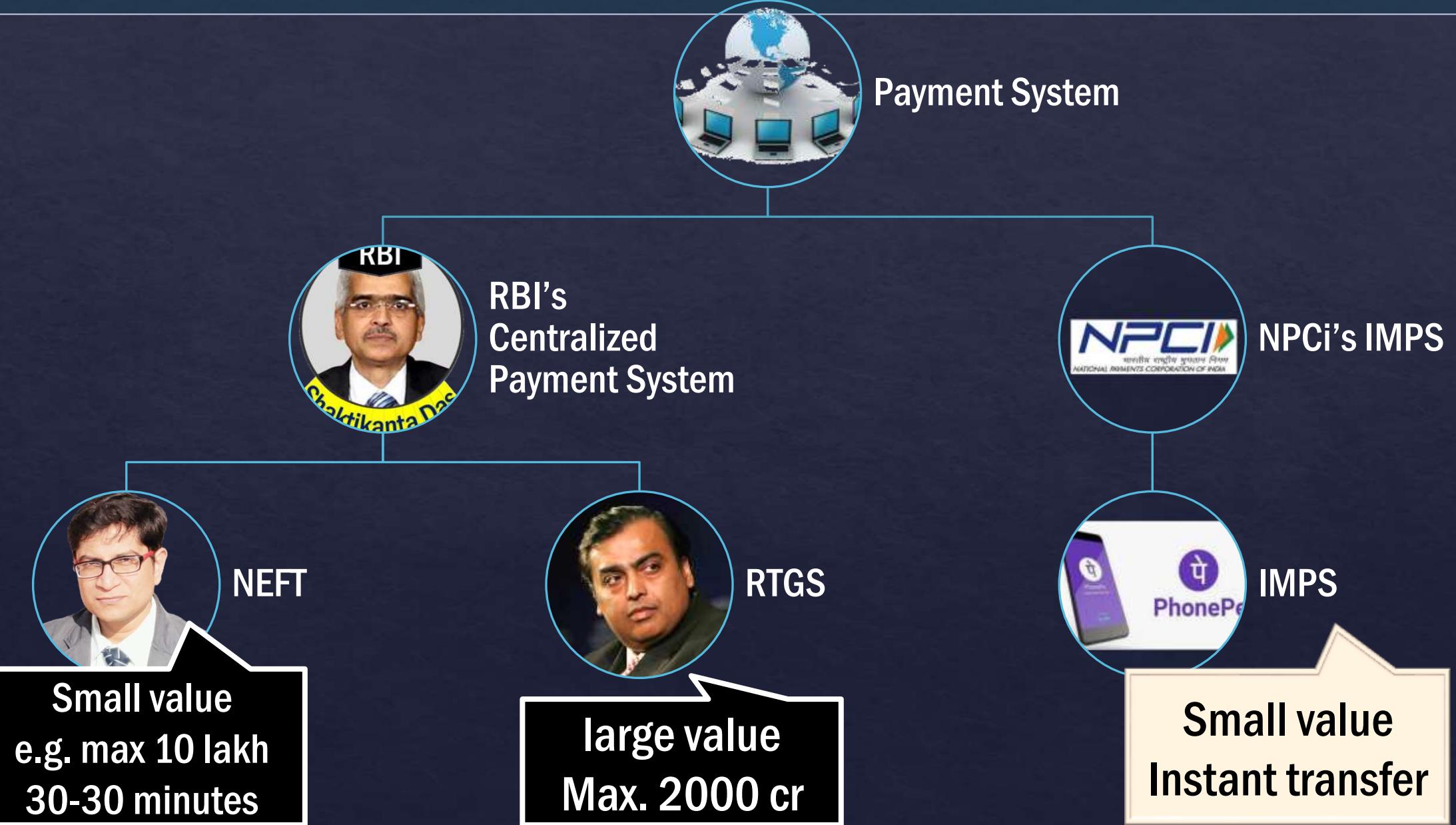
यह ऐसा क्यों है?



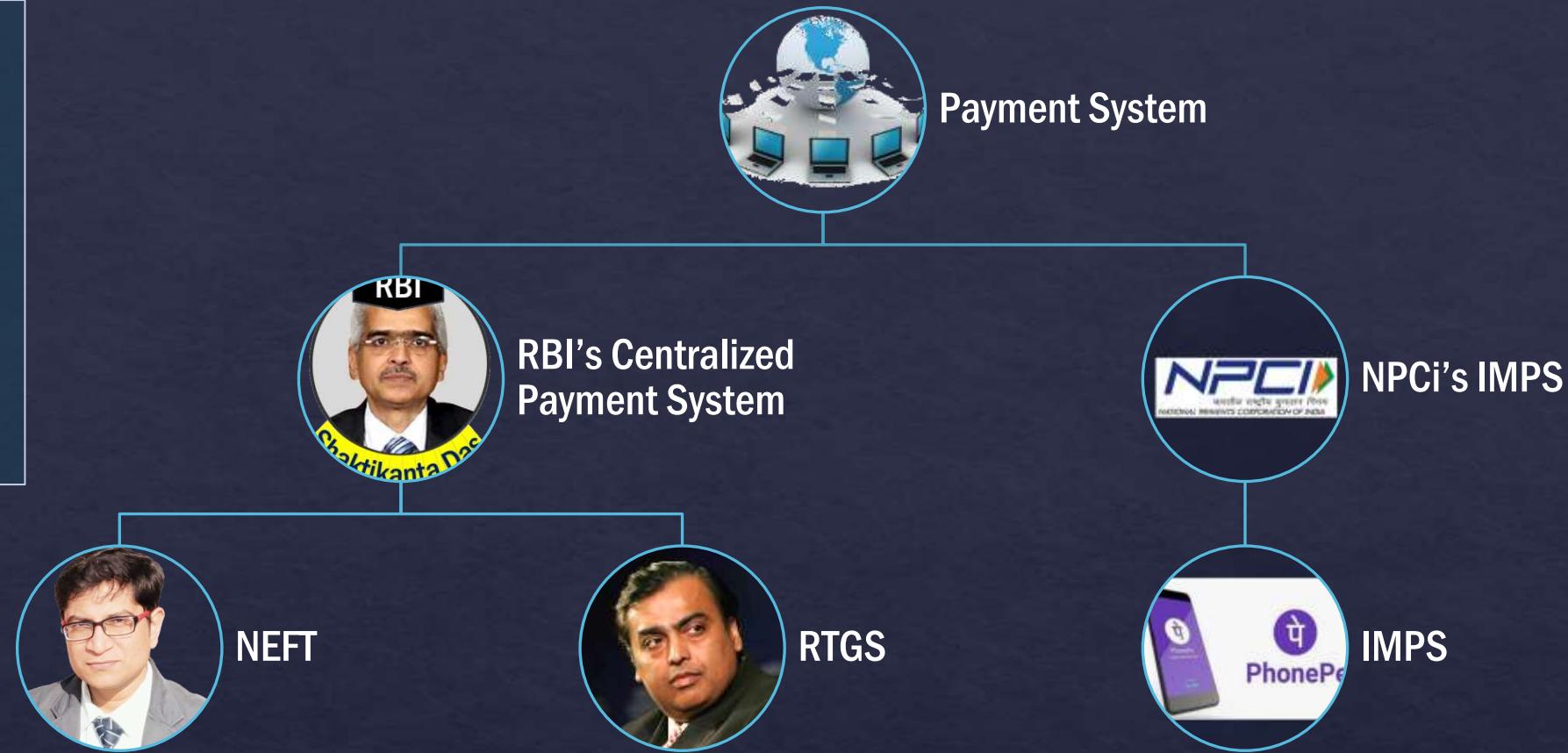
हम यहां देश और व्यवस्था  
बदलने नहीं, परीक्षा पास  
करने के लिए आये हैं.

Leave rest of the  
reforms, activism and  
outrage to those  
who've time for  
twitter, Facebook,  
Reddit and  
Whatsapp.

# Direct Membership to NEFT/RTGS to Non-Bank Entities



## Direct Membership to NEFT/RTGS to Non-Bank Entities



**Who can become direct member of RBI's NEFT/RTGS service?**

- 1) Banks can do it at present.
- 2) PPIs (PhonePe, MobiKwik, AmazonPay) etc) – Planned in future

# IMPS (Immediate Payment Service): how does it work? Through Prepaid Payment Instrument / Payment Apps

Customer



10 →



Remitter PPI/  
Bank

2



PhonePe

4 →



9

Not NEFT/RTGS



PhonePe  
(Flipkart)'s bank  
account in ICICI



NPCI  
switch

5 →



Beneficiary  
PPI / Bank



6 →

7 →



# Money: Evolution of



Commodity Money



Metallic Money



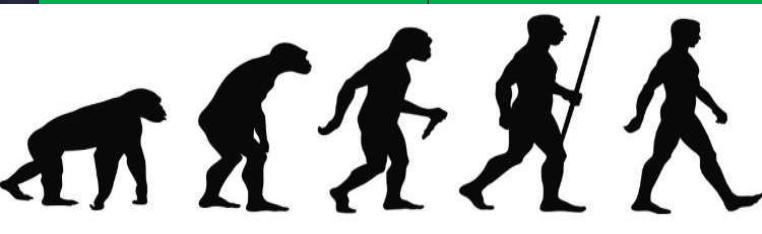
Paper / Fiat Money / legal tender



Bank Money,  
deposit money  
digital  
payment



Crypto  
Currency  
blockchain



Cheque  
Types

CTS, CBS

NEFT

RTGS

IMPS

NPCI:  
UPI-BHIM

Card Types

Card  
Tokenization

NCMC &  
FastTag

ATM Types

MDR

# Before we learn about NPCi. Companies Act 2013 → types of companies

## OPC

- One person company

## Pvt Ltd

- 2-200

## Public Ltd

- 7-....

## Not for Profit

- GSTN network
- NPCi (National Payment corporation of India)
- लाभ रहित कंपनी

Types of companies not given in handout right now, because we'll learn them separately with  
कंपनियों के अलग-अलग प्रकार हम लोग अभी नहीं बाद में पढ़ेंगे

**Pillar#1C: SEBI/sharemarket/ Companies Act**

They get certain benefits in taxes and legal compliance. but we are not preparing for CA exam  
उन्हें कुछ रियायत मिलती है

# NPCI: “Not for profit company”: setup originally by 10 banks in 2008

founders/shareholders, list not important for UPSC

State Bank of India

Punjab National Bank

Canara Bank

Bank of Baroda

Union Bank of India

Bank of India

ICICI etc

NPCI onboards 19 new shareholders including Amazon Pay, PhonePe, and Paytm

ETPrime

Last Updated: Nov 26, 2020, 06:52 PM IST

SHARE  
AA  
FONTSIZE  
SAV

- Registered as “Not for profit” (NPO) [**“section 8” company**] in Companies act 2013. 100 cr. Paid up capital.
- **Explicit Objective:** cost-effective payment solutions for banks.
- Indirectly helps in financial inclusion by making banking transactions cheaper and more accessible through BHIM/UPI etc.
- बैंकों को सस्ते में टेक्नोलॉजी बना कर दे जिससे गांव गांव गरीब गरीब तक बैंक की सुविधा पहुंचे



# Retail payment Services offered by NPCi

एनपीसीआई द्वारा खुदरा भुगतान सेवा



CTS

- Learned in previous section
- how **scanned image of cheque** is sent back for clearance



AEPS

- Government transferring **LPG subsidy, scholarship, MGNREGA payments** (Pill6) into beneficiary bank account (DBT) सरकारी योजनाओं का पैसा लाभार्थी के बैंक खाते में सीधा भेजना



NFS

- Connects **ATM network of banks.**

If individual bank tried to develop such technology → too much cost, duplication of efforts  
अगर 1-1 बैंक व्यक्तिगत रूप से ऐसी टेक्नोलॉजी बनाने जाएगी तो बहुत खर्च आ जाएगा 😠

# payment Services offered by NPCi



What's difference  
between BBPS vs UPMS =  
NOTIMP. Just one liners.



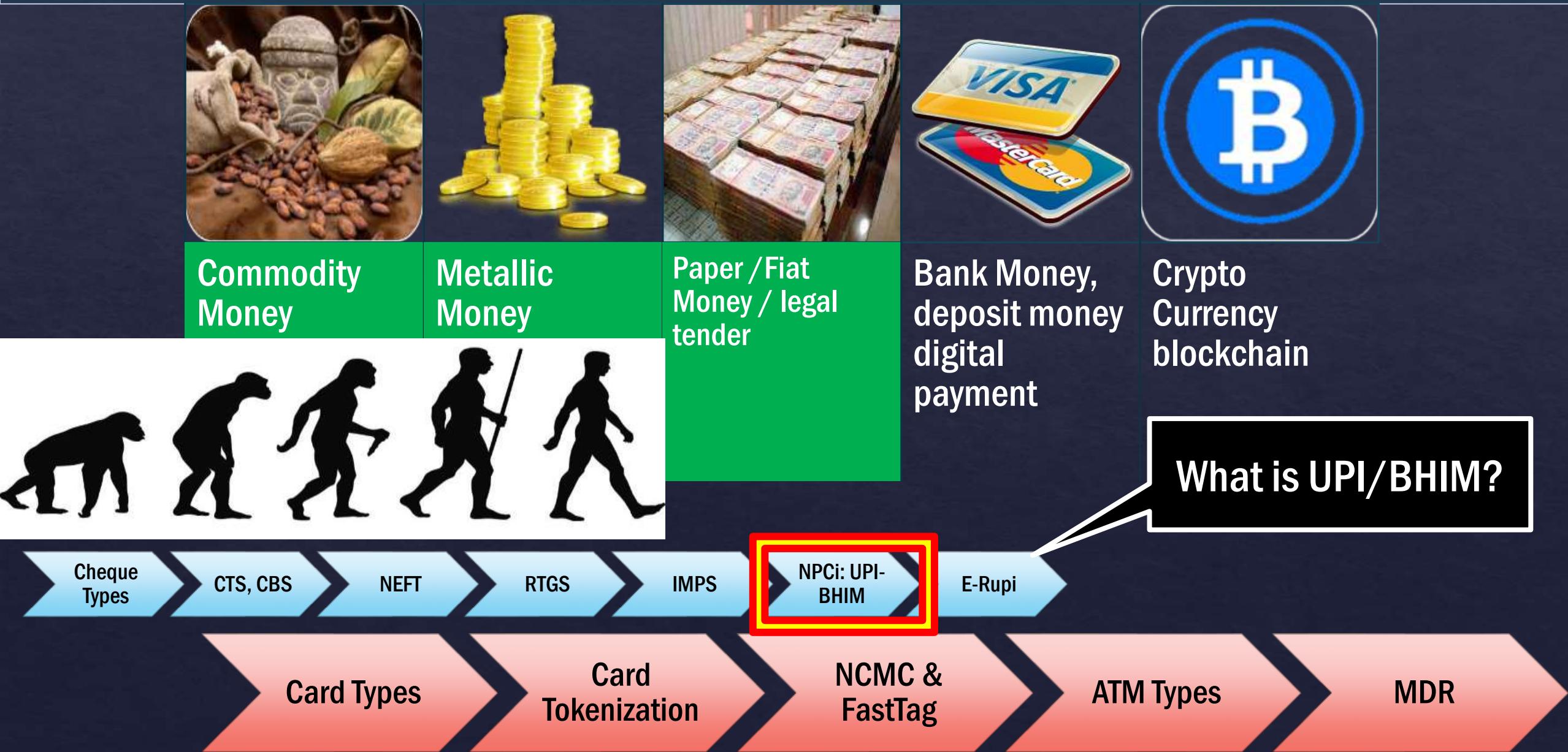
BBPS      UPMS      NACH

- Utility bills- phone, gas, electricity etc. e.g. Amazonpay → BBPS → Electricity Company.
- Unified Presentment Management System
- For monthly standing order (i.e. cut money from my bank account for Monthly Bill Payment)
- bulk monthly payments of utility bills, dividends, salaries, pension / insurance premiums etc
- e.g. Mukesh bhai paying electricity bill & salaries of all 5,000 Jio-offices across India with one click.

If individual bank tried to develop such technology → too much cost, duplication of efforts

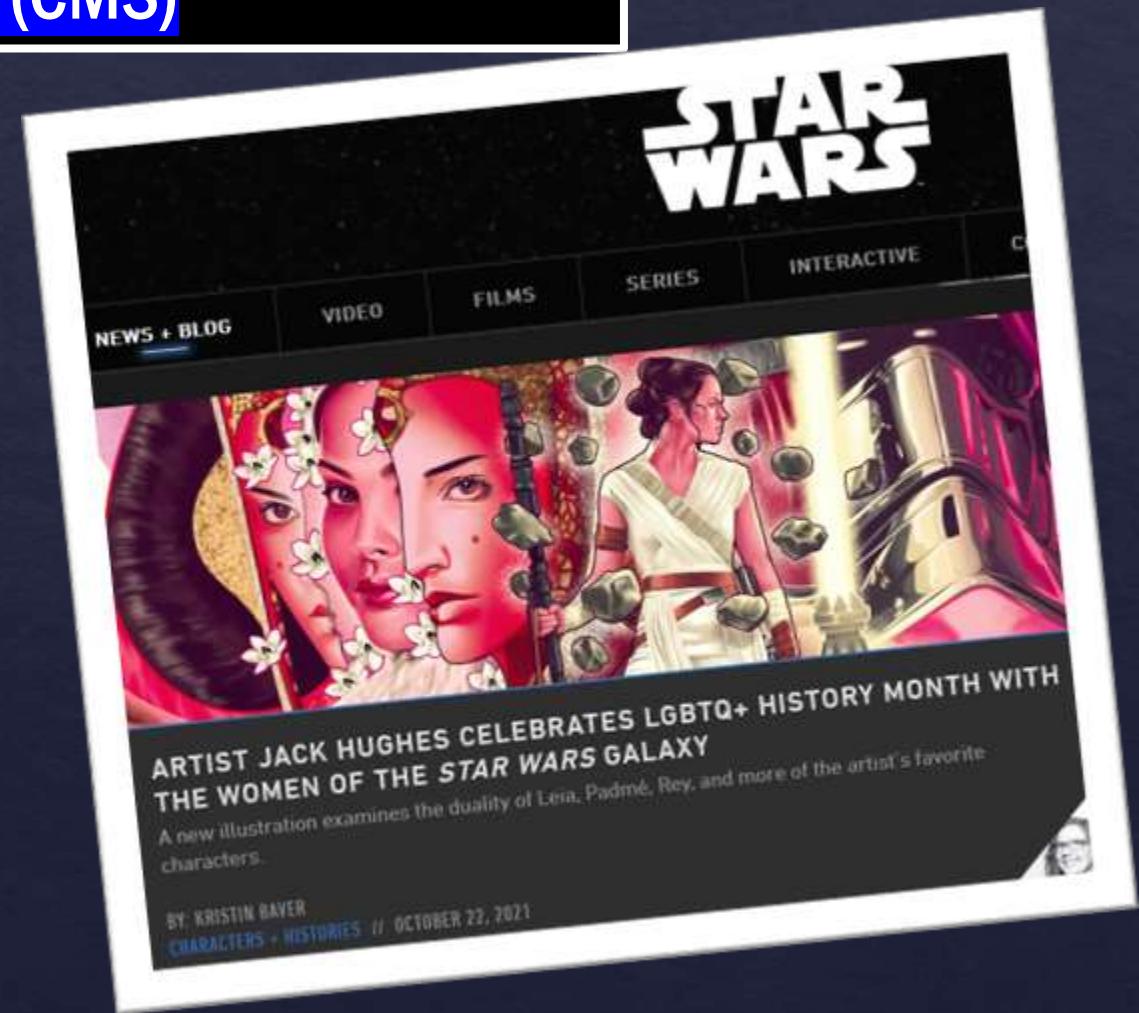
अगर 1-1 बैंक व्यक्तिगत रूप से ऐसी टेक्नोलॉजी बनाने जाएगी तो बहुत खर्चा आ जाएगा 😠

# Money: Evolution of



Individual Webpages created using **HTML Language**

**Website developed using Wordpress  
Content management system (CMS)**

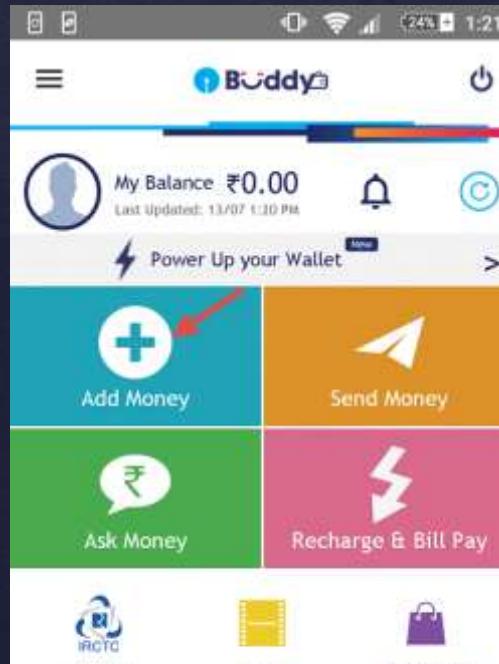


# 2016: NPCi's Unified Payment Interface (UPI)

इस टेक्नोलॉजी की मदद से Payment Apps बना सकते हैं



1) “App” developed using UPI Technology



2) उसमे Money transfer done  
Using IMPS Technology



## Website

Indian  
Express

वेबसाइट के पीछे क्या है CMS: Content Management System e.g. Wordpress,  
Joomla, Drupal

उसके पीछे क्या है? In the foundation /base:

HTML

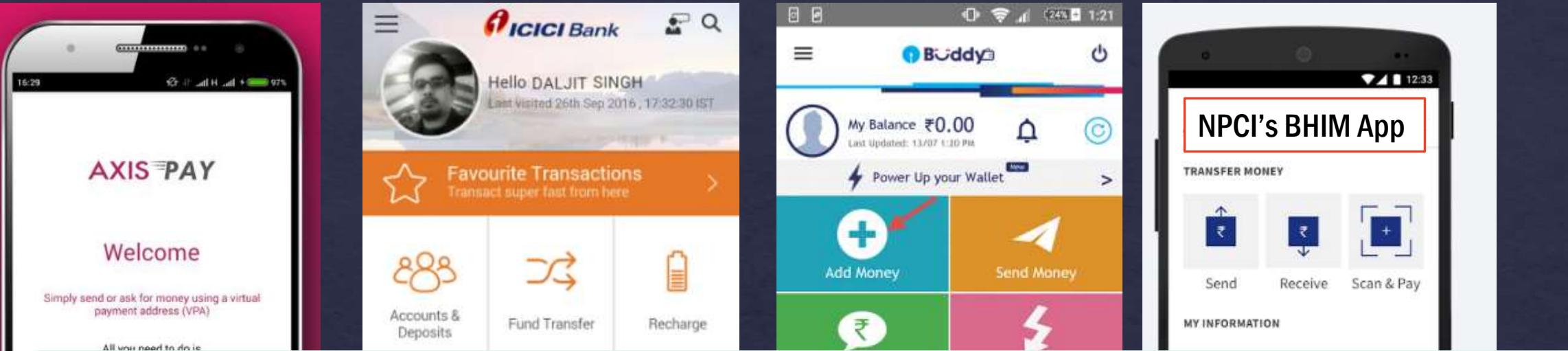
JPEG

Videos

PHP

SQL

Starwars



# Money Transfer Apps

BHIM

AxisPay

SIBuddy

## UPI Unified Payments Interface by NPCI

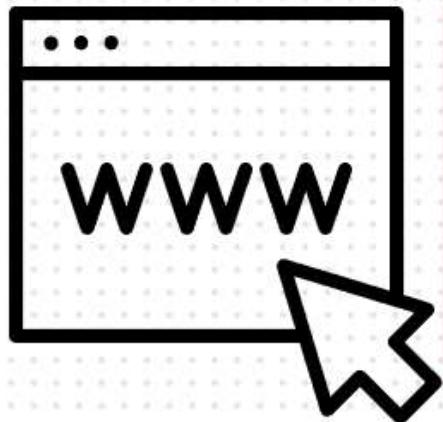
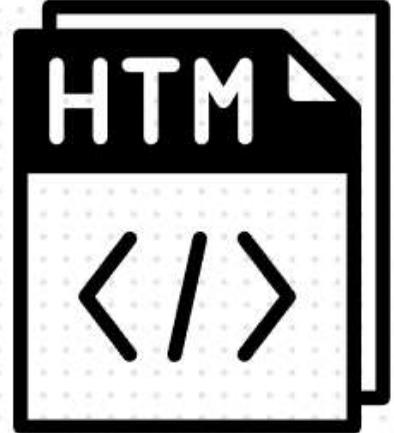
IMPS Money Transfer

OTP/PIN

JPEG images

QR Scan

Not technically correct info for writing B.Tech research paper



The Indian EXPRESS  
JOURNALISM OF COURAGE

Political Pulse India Cities Opinion Entertainment

at Play today's What To

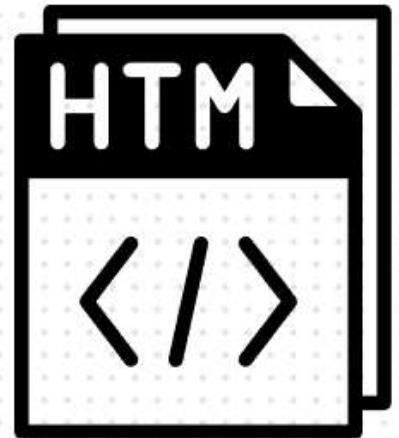
How to write  
webpage code?

HTML

Tool/Tech to build  
blog/site containing  
webpages, jpeg,  
videos = **Wordpress**

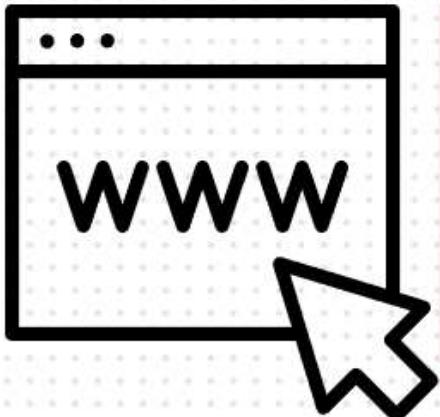
example of  
wordpress sites:

IndianExpress,  
Time Magazine



How to write  
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HTML



Tool/Tech to build  
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example of  
wordpress sites:  
IndianExpress,  
Time Magazine

The Indian EXPRES  
JOURNALISM OF COURAGE

Political Pulse India Cities Opinion Entertainment

at Play today's What To

How to transfer money from  
1 bank account to another?

NEFT, RTGS,  
IMPS



Tool/Tech to build  
money transfer  
Apps?= **UPI**

Example of UPI Apps  
for Smartphones? =  
**BHIM, AxisPay etc**





Saved Rs.100 in SBI Savings Account

Repays Principal + Interest





Saved Rs.100 in SBI Savings Account

Repays Principal + Interest



Amazon Pay  
Wallet Rs.999

But what if I transfer Rs.99 into here??



I'll not pay you interest  
on those Rs.99.  
Your money NOT with me!



# Bank deposit account

*NonUPI type of Apps*



First stored in a  
digital wallet

transferred to seller

If you want to return your own money from  
wallet to your bank account: % fees.

## NonUPI apps : main limitation

- 😠 प्रमुख मर्यादा यह थी कि आपका पैसा कंपनी के **wallet** में **store** होता था.
- आपको बैंक का ब्याज नहीं मिलेगा
- 😠 वहां से वापस ₹₹ अपने बैंक खाते में उसको भेजना हो तो App वाले fees मांगते थे 😠

# Bank deposit account

*Non-UPI type of Apps*

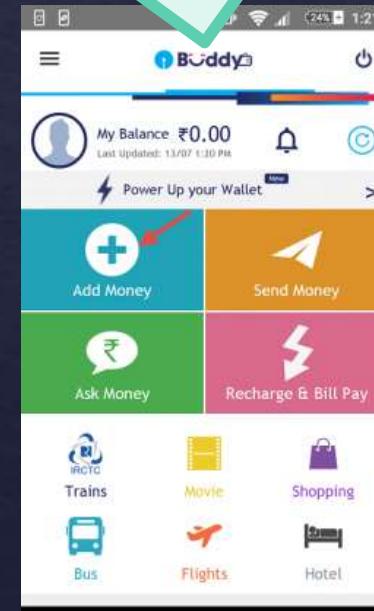


First stored in a digital wallet

transferred to seller

If you want to return your own money from wallet to your bank account: % fees.

*UPI based Apps*



Directly transferred to seller

- Money stays in bank account, पैसा आपके बैंक खाते में ही रहता है
- Your savings continues to earn % interest in bank account. और उस पर आप ब्याज कमाते रहते हैं

# Bank deposit account

Non-UPI type of Apps



First stored in a digital wallet

transferred to seller

If you want to return your own money from wallet to your bank account: % fees.

UPI based Apps



- Money stays in deposit account,
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Directly transferred to seller

3) आपने तो बोला Wallet problem होता है लेकिन अब NAHI होता है



1) Once upon a time PayTM, Airtel Pay Oxicash etc had this problem 😊

2) But now most Apps use this **UPI** technology so problem solved.

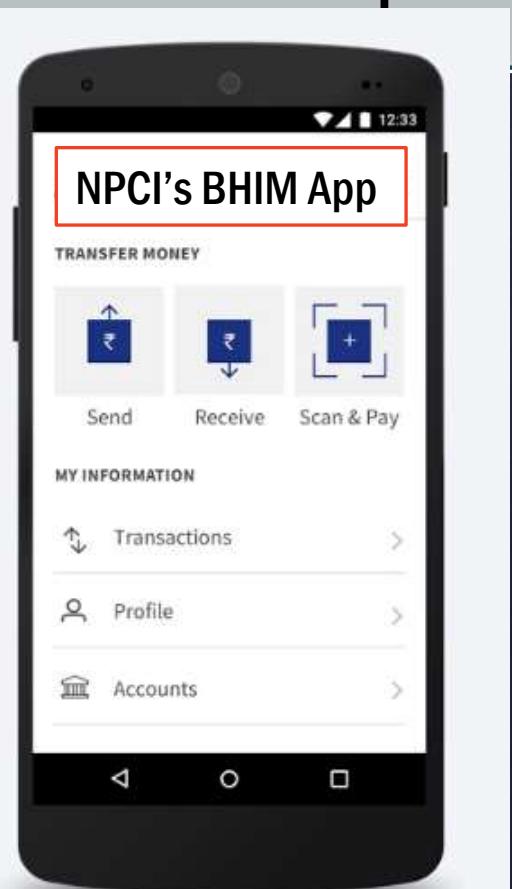
4) हाँ तो मैं वही तो **HISTORY** बता रहा हूँ कि पहले ऐसा नहीं होता था.  
 अब ऐसा होता है **thanks to UPI** टेक्नोलॉजी





# UPI for money transfer thru mobile phones

Smartphone



Basic Phone / Feature phone



Basic Phone / Feature phone

- Transfer money via USSD: \*99# <CODES>
- 😠 Confusing for poor villagers. 40 crore users.



**Basic Phone / Feature phone**

- Transfer money via
- **USSD: \*99# <CODES>**
- 😬 Confusing for poor villagers.



**RBI's Solution:**  
**123PAY initiative /**  
**platform (with help of**  
**Npci)**

# RBI's Solution: 123PAY initiative / platform (with help of Npci)



आईवीआर आधारित  
भुगतान समाधान



मिस्ड कॉल पे

फीचर फ़ोन पर  
ऐप बेस्ड पेमेंट



ध्वनि आधारित तकनीक से  
ध्वनि आधारित डिवाइस पर भुगतान

# RBI launched 123PAY UPI platform for Featurephone/Basic phones with help of NPCI

- Transfer money via USSD: \*99# <CODES>- YES
- Interactive voice response or IVR
- missed call-based payments (user sends a missed call and then IVR system calls him back in IVR mode)
- apps in feature phones
- Bill payment via feature phone
- proximity soundwave -based payments for contactless payments to other phones.)



RBI



हम मद्द करेंगे

पापा \*99#  
<CODES>-

बेटा, मुझे नहि  
समज आ रहा!



# DigiSaathi Helpline for digital payment & card payments- RBI launched with help of NPCi.



Hello, we're **here to help!**

Information on digital payment products and services



Type y

Try in हिंदी



बेटा, Net banking,  
Card Payment नहि समज आ रहा!

Or choose a channel to quickly find the help you need



24\*7  
Toll Free Number



Find Bank/Institution  
Contact Details



Useful

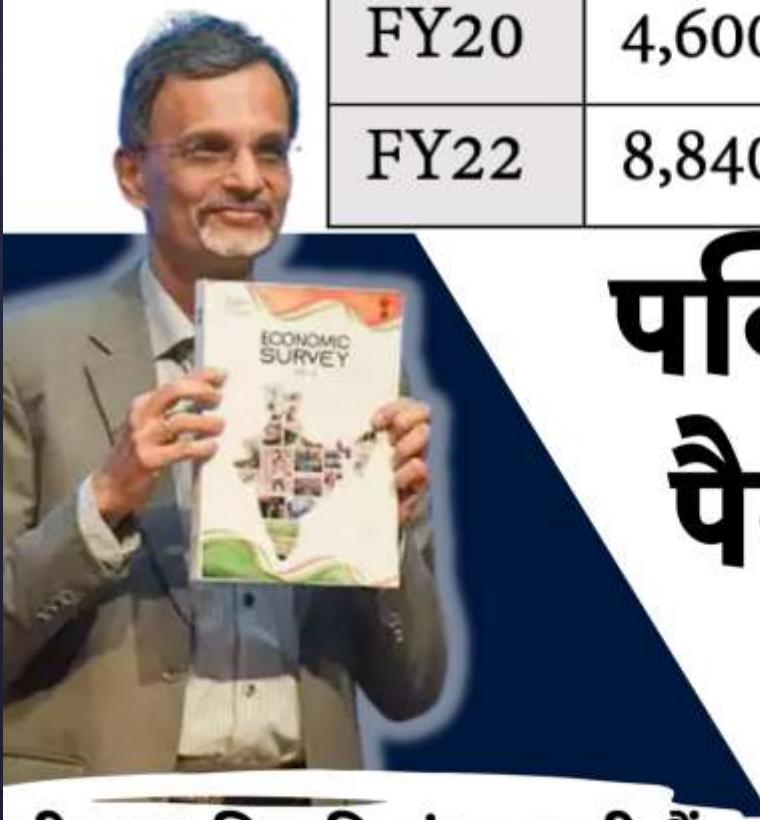


## 10.4.2 UPI observations by ES23

Year	Total No. of Digital Transactions (Crores)	UPI's Share
FY19	3,100	17%
FY20	4,600	27%
FY22	8,840	52%

पब्लिक दे दना दन यूपीआई से  
पैसा ट्रांसफर कर रही है और  
यह बहुत महान है

धी दूध की नदियां बह रही हैं  
**Indian Economy** में





**balance: ₹1,00,000**

**Autocut monthly NOT more than**

- 1. ₹5000 for electricity bill**
- 2. ₹10,000 for Mutual fund / SIP**
- 3. ₹3000 for taxi / hotel**
- 4. ₹4000 for bigbasket grocery**

**single-block-and-multiple-debits functionality**



buyer's  
bank  
account



Indian  
Buyer



UPI walla  
mobile  
App



seller's bank account



खरीदारी करो और खाते से पैसा कटवा लो



Indian  
Buyer



Foreigner  
visiting India



UPI walla  
mobile  
App



20 mins  
reading



seller's bank account



AXIS



40 mins  
video



भारत में घूमने आने वाले विदेशी लोग भी ये कर पाएंगे

# QR Code-based Coin Vending Machine (QCVM)



insert paper-note  
to get coin

scan QR code → transfer  
money from bank  
account via UPI → to get  
coins from machine

कागदी नोट → मशीन में  
डालकर छुट्टे पैसे निकालो

अपने बैंक खाते से QR-code  
द्वारा पैसा कटवाके बदले में  
मशीन से छुट्टे पैसे निकालो

# Money: Evolution of



Commodity Money



Metallic Money



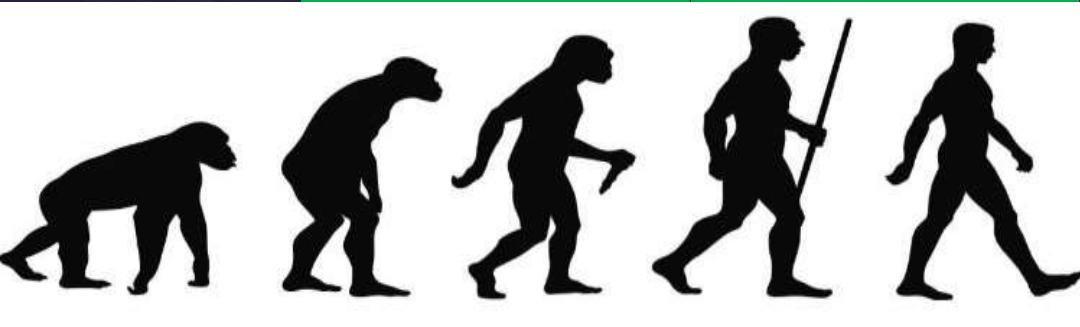
Paper /Fiat Money / legal tender



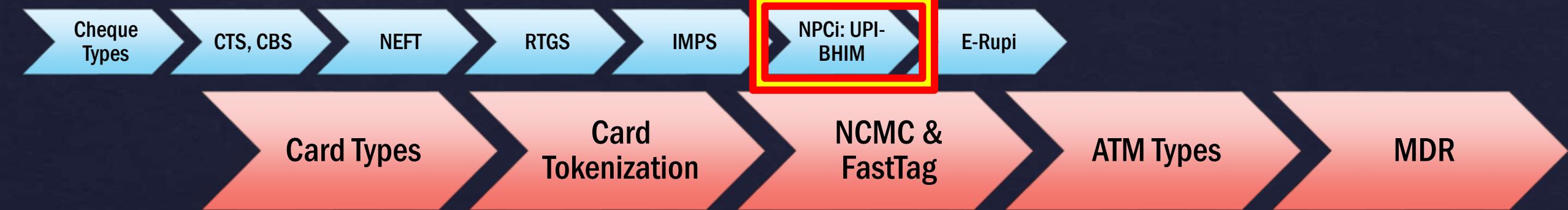
Bank Money,  
deposit money  
digital  
payment



Crypto  
Currency  
blockchain

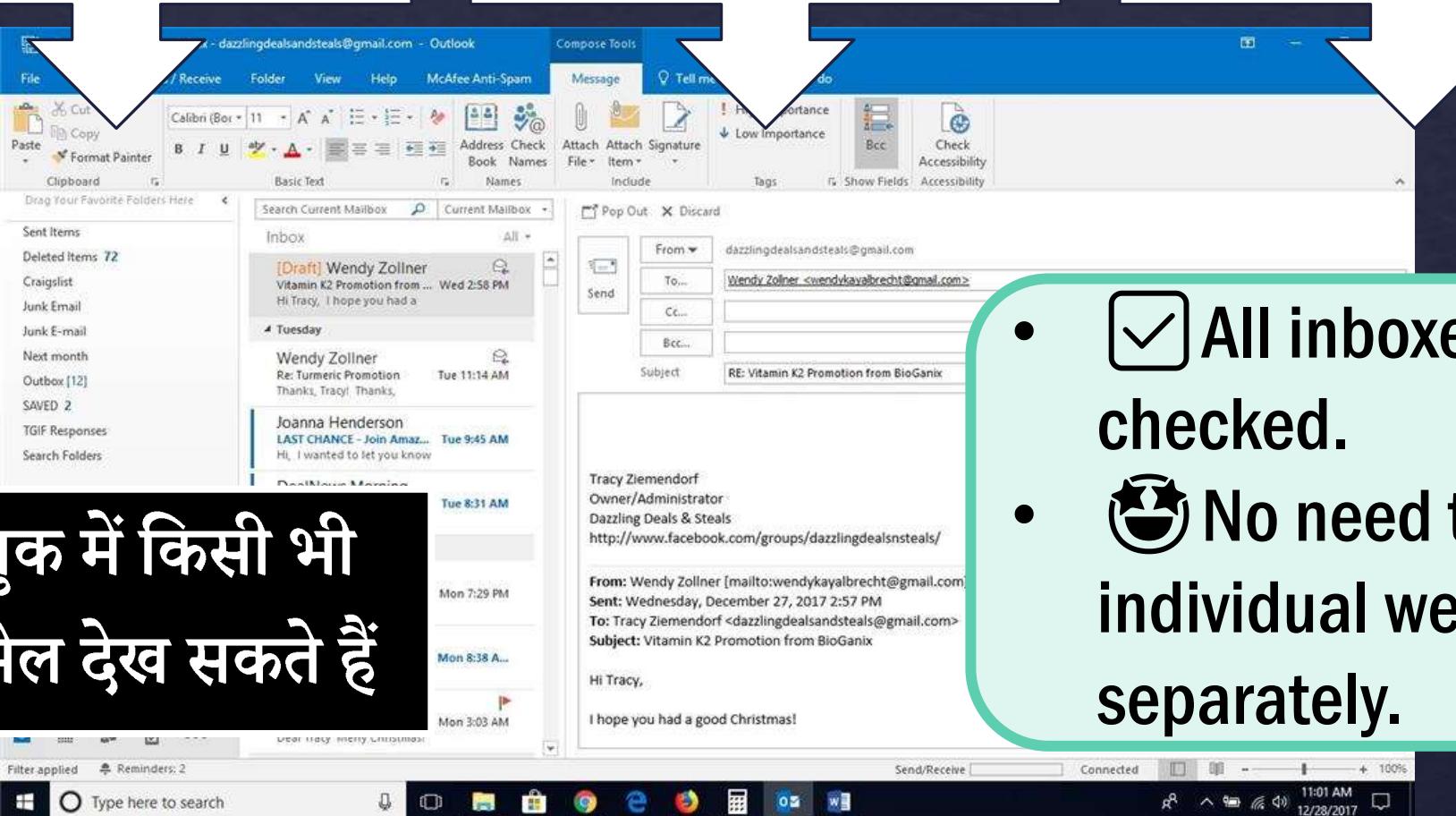


What is BHIM?



# Microsoft Office → Outlook software

Mrunal@  
gmail.com



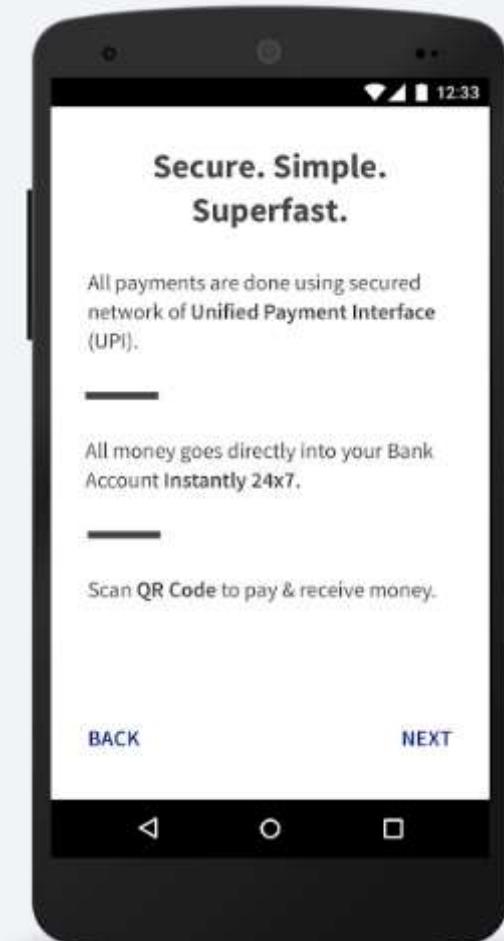
Mrunal@  
Hotmail.com

Mrunal  
@yahoo.com

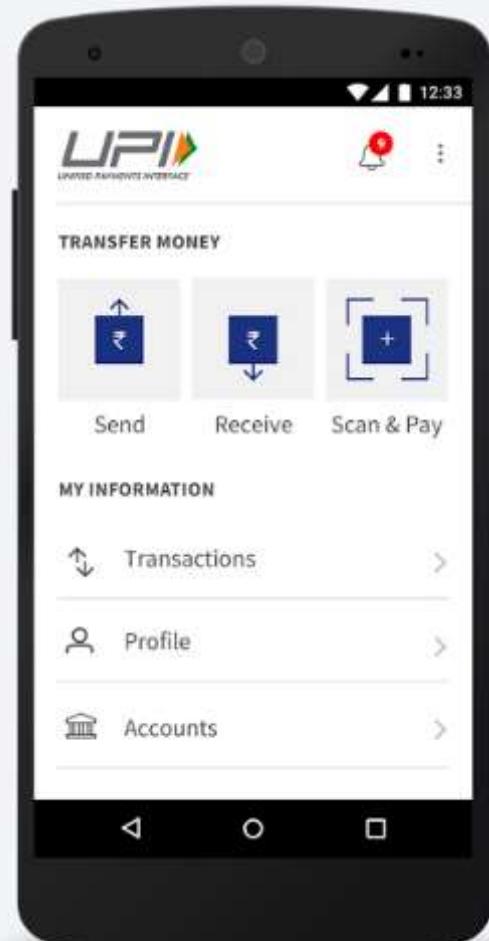
जैसे आउटलुक में किसी भी  
कंपनी का ईमेल देख सकते हैं

- All inboxes can be checked.
- No need to login to individual websites separately.

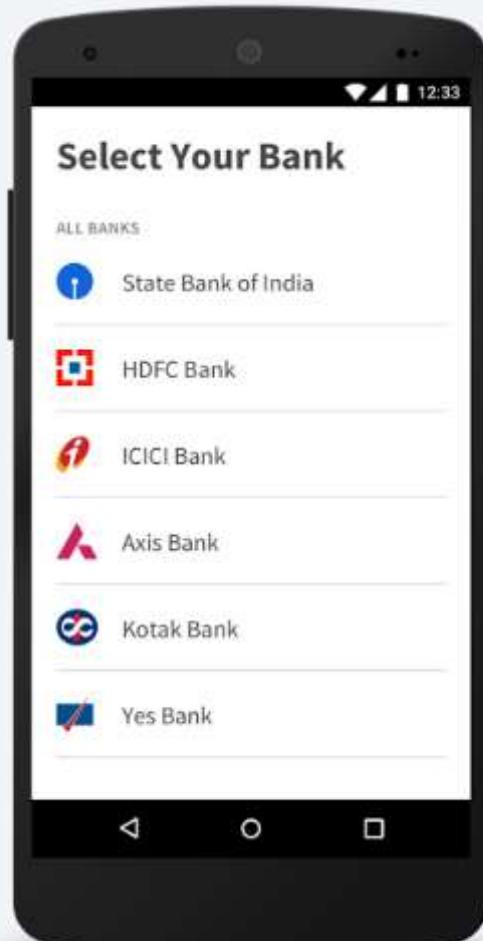
**Simple, Secure &  
Fast transfers**



**Now Send, Receive &  
Request money  
conveniently**



**One app for all Banks**

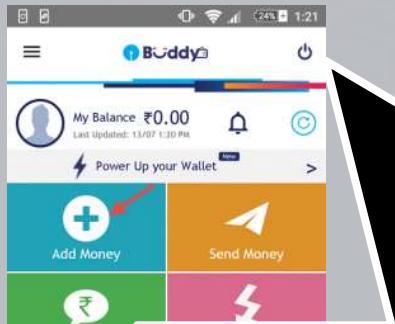
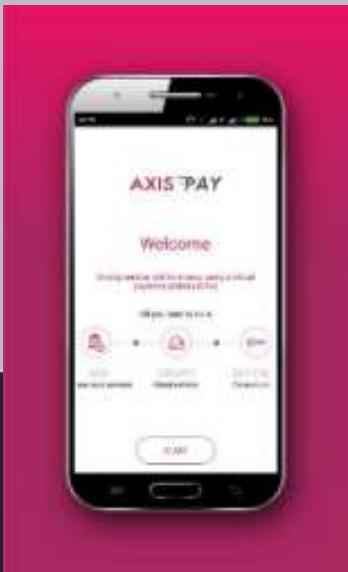


# What's the difference?



## UPI “BASED” individual bank apps

- Mrunal@hdfc install 1 app 😞
- Mrunal@axis: install 2<sup>nd</sup> App 😞
- 9825\_@airtel Payment Bank :  
install 3<sup>rd</sup> app 😞



जैसे Outlook Software में किसी भी कंपनी का email देख सकते हैं  
उसी तरह भीम ऐप में किसी भी बैंक का खाता देख सकते हैं

## UPI based BHIM app by NPCI itself

- Mrunal@UPI = Single App
- Switch between accounts
- 😊 No wallet
- 😊 Money stays@bank, earns interest.
- It's not stored in ‘wallet outside bank’, unlike Phonepe, Mobikwick type pvt apps\*\*\*

What's the difference?



#### UPI "BASED" individual bank apps

- Mrunal@hdfc install 1 app 😱
- Mrunal@axis: install 2<sup>nd</sup> App 😱
- 9825\_\_\_\_\_@airtel Payment Bank : install 3<sup>rd</sup> app 😱



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#### UPI based BHIM app by NPCI itself

- Mrunal@UPI = Single App
- Switch between accounts
- No wallet
- Money stays@bank, earns interest.
- It's not stored in 'wallet outside bank', unlike Phonepe, Mobikwick type pvt apps \*\*\*



3) आपने तो बोला Wallet problem होता है लेकिन PhonePe, Mobikwick also can directly send money without storing Wallet

4) अर्थे भाई मैं तुमको वही तो history बताया कि पहले ऐसा problem होता था

अब ऐसा नहीं होता है thanks to UPI टेक्नोलॉजी।

if I do not give example then also people will ask what exactly do you mean by "money not stored in wallet"!



# Pillar#1A: Money



Commodity  
Money

Metallic  
Money

Paper /Fiat  
Money / legal  
tender

Bank Money,  
deposit money  
digital  
payment

Crypto  
Currency  
blockchain

Cheque  
Types

CTS, CBS

NEFT

RTGS

IMPS

NPCI: UPI-  
BHIM

E-Rupi

Rupay

Card Types

Card  
Tokenization

NCMC &  
FastTag

ATM Types

MDR

# Education Dept wants to deliver ₹500 ke shoes to school child from poor family

## मान लीजिए शिक्षा विभाग गरीब विद्यार्थी ₹500 के जूते देना चाहता है



Government buys from shoe company  
→ sends to school headmaster



### Physical Procurement mein problems

😢 Corny Capitalism  
📄 Pillar#4B

😢 Corruption

😢 Siphoning to Black Market

😢 Size mismatch



JAN DHAN Bank account



ये बहुत गरीब है इसको सरकारी योजना का पैसा दो



Aadhar CARD



Mobile (UPI, BHIM)...



Arvind Subramanian  
2014-18



ये अमीर है तो इसको गरीब कल्याण की सरकारी योजना में पैसा मत दो

# Edu Dept wants to deliver ₹500 ke shoes to child from poor family

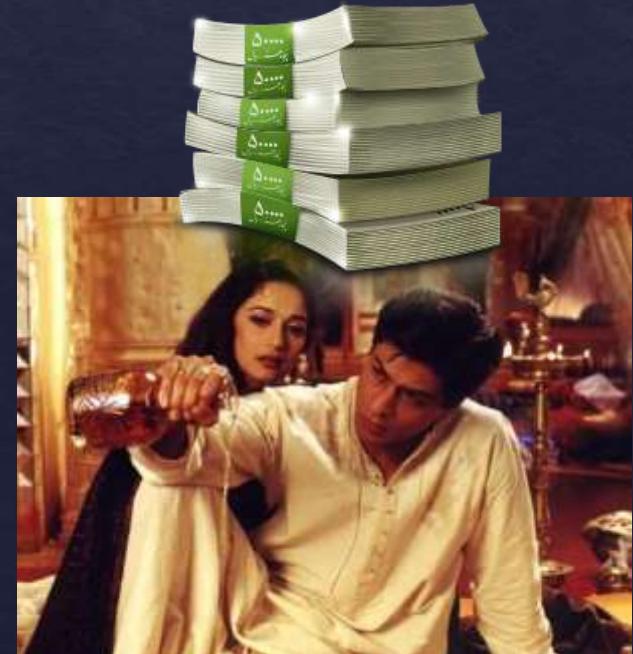
## Direct Benefit Transfer (DBT)



### JAM-DBT



बैंक खाते में पैसा जमा किया तो जरूरी  
नहीं है कि- वो जूता ही खरीदेगा ⚡  
गुटका या दारू भी तो खरीद सकता है 😢



# Edu Dept wants to deliver ₹500 ke shoes to child from poor family

E-Rupi



→ गुटका और दारू की दुकान पर वो काम नहीं करेगा



E-rupi Code (Npci)



Shoe purchase:  
Payment Accepted



Error payment rejected



Error payment rejected



Edu Dept wants to deliver ₹500 ke shoes to child from poor family

E-Rupi 😊 😊 → गुटका और दारू की दुकान पर वो काम नहीं करेगा



- Food for mother, child and poor families under various schemes.
- Medicines for TB, Corona etc.
- Fertilizer subsidies for farmers [खाद्य दवाइयां उर्वरक की सब्सिडी दी जा सकेगी]
- Even private sector companies (e.g. Reliance, TATA) can issue it for
  - 1] employees e.g. Gym membership, golf club membership, hotel tourism travel. CSR= Ref: Pillar1C2
  - 2] use it for Corporate Social Responsibility (CSR) programs

# Pillar#1A: Money



Commodity Money

Metallic Money

Paper /Fiat Money / legal tender

Bank Money,  
deposit money  
digital payment

Crypto Currency blockchain

Cheque Types

CTS, CBS

NEFT

RTGS

IMPS

NPCI: UPI-BHIM

E-Rupi

QR Code

PSO

NUE

Rupay

Card Types

Card Tokenization

NCMC & FastTag

ATM Types

MDR

**Interoperability = ability to seamlessly work across different platforms**

तकनीकी रूप से अलग-अलग प्लेटफार्म के बीच काम करने की सुविधा



Can u connect **Apple smart watch** with a mobile device?



**IPHONE**



**Android Phone**

Apple Watch doesn't offer  
**"Interoperability"**

# Interoperability = ability to seamlessly work across different platforms

तकनीकी रूप से अलग-अलग प्लेटफार्म के बीच काम करने की सुविधा



Can u connect Tata sky remote with a set top box?



Tata Sky



Dish TV



1) DishTV remote doesn't work with Tata Sky Set-top Box= interoperability absent

2) Paytm CASHBACK can't be transferred to amazonPAY = interoperability absent.

3) I don't want to use digital payment.  
too much headache/restrictions

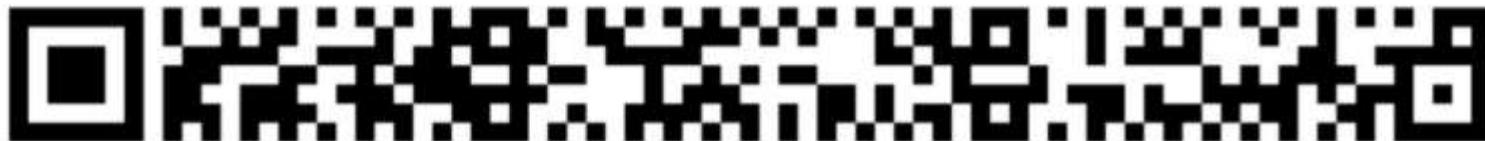
4) okay, okay, let me make some technical rules to fix this slowly slowly phase-wise.



# QR Code



# rMQR Code



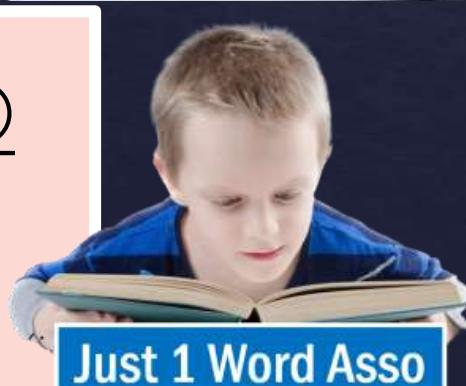
finish from handout

## Misc.Quick Response code: type of matrix barcode / 2d by Japan in early 90s



BEFORE 😢 Interoperability 😢

PayTM APP may not be able  
to scan Phonepe QR code.



😊 AFTER: ...RBI ordered all App makers to adopt

1. NPCI's Bharat QR Code OR
2. NPCI's UPI QR Code

👉 Internal difference? Not imp

# QR Code



1) आपने तो बोला **SCAN problem** होता है लेकिन  
अब **NAHI** होता है



- 2) हाँ तो मैं वही तो **HISTORY** बता रहा हूँ  
कि पहले **problem** होता था.
- अब ऐसा **problem** नहीं होता है  
**thanks to BharatQR टेक्नोलॉजी**



# NPCI UPI: International cooperation

**Business Standard**

Bhutan first country to adopt  
UPI; FM hails platform's role  
during lockdown

Last Updated at **July 13, 2021 17:20 IST**

**2021**

**THE TIMES OF INDIA**

**Nepal to be first foreign country  
to deploy UPI**

**2022**

TNN / Updated: **Feb 18, 2022, 09:28 IST**

# Pillar#1A: Money



Commodity Money

Metallic Money

Paper /Fiat Money / legal tender

Bank Money,  
deposit money  
digital payment

Crypto  
Currency  
blockchain

Cheque  
Types

CTS, CBS

NEFT

RTGS

IMPS

NPCI: UPI-  
BHIM

E-Rupi

QR Code

PSO

NUE

Rupay

Card Types

Card  
Tokenization

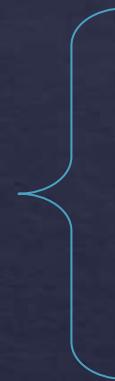
NCMC &  
FastTag

ATM Types

MDR

# Payment System Operators (PSOs) have to get license from RBI

Umbrella Entity For Retail Payments



- NPCi (learned in previous section)

Card Payment Gateway Operator



- MasterCard, Visa, Rupay

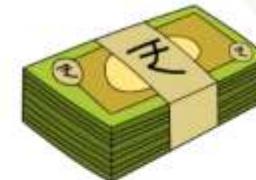
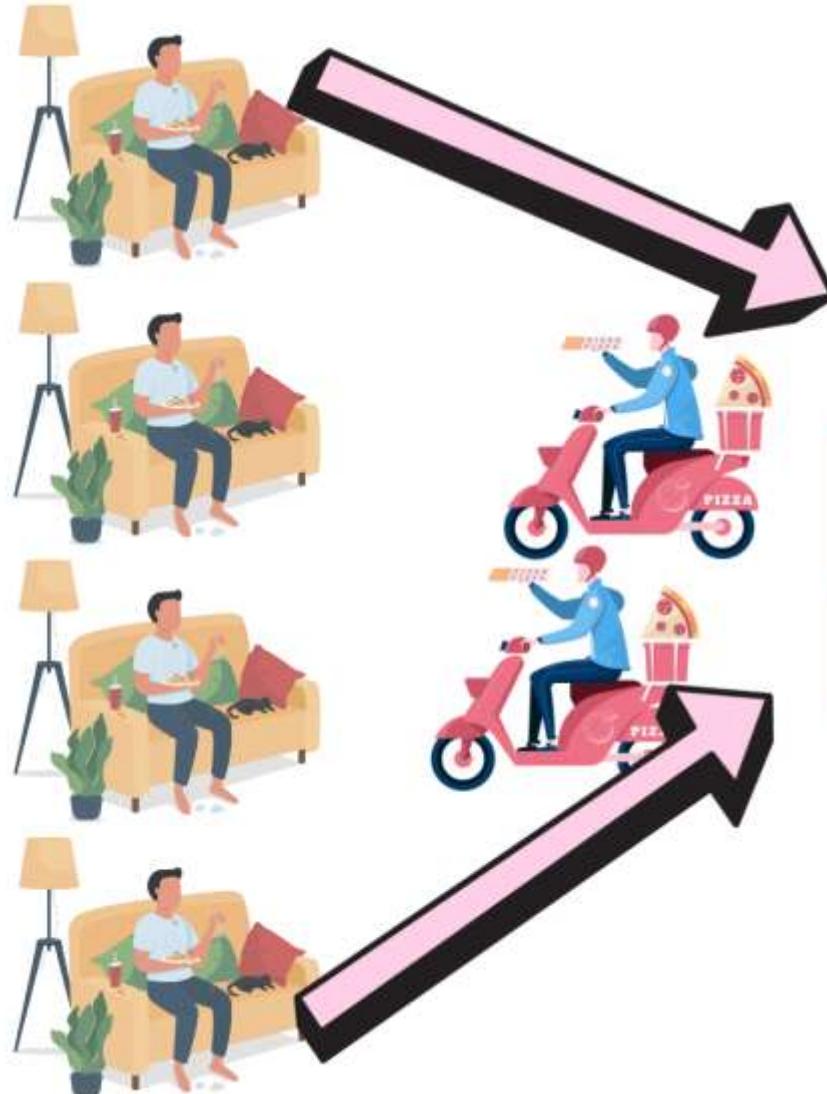
Crossborder / International Remittance



- Western Union, MoneyGram



# payment aggregators



# Prepaid payment instrument

amazon.in Hello Select your address All ▾ amazon e-gift card voucher

All Amazon miniTV Best Sellers Mobiles Customer Service Today's Deals Electronics Prime Amazon Pay

1-48 of 795 results for "amazon e-gift card voucher"

**Category**  
Gift Cards  
Gift Cards & Gift Vouchers

**Brand**  
 Amazon Pay

**Gift Card Occasion**  
 Anniversary  
 Baby & Expecting  
 Back to School  
 Bhai Dooj  
 Birthday  
 Christmas  
 Congratulations  
[See more](#)

**Gift Card Format**  
eGift Cards

**Gift Card Language**  
 English  
 Hindi

**RESULTS**

**Best seller**



amazon pay gift card  
Gift Card Code:  
XXXX-XXXXXX-XXXX

₹0 Add to My Account

Your personal message will appear here.

**Best seller**



शादी मुबारक

amazon pay gift card  
Gift Card Code:  
XXXX-XXXXXX-XXXX

₹0 Add to My Account

Your personal message will appear here.

Amazon Pay eGift Card

4.6 ★★★★★ (178,897)

₹10 - ₹10,000

Amazon Pay eGift Card

4.6 ★★★★★ (178,897)

₹10 - ₹10,000

# Payment System Operators (PSOs) have to get license from RBI

Payment  
aggregators

Prepaid  
Payment  
Instrument  
(PPI)

ATM  
Operators

Financial  
Market  
Infrastructure  
Provider

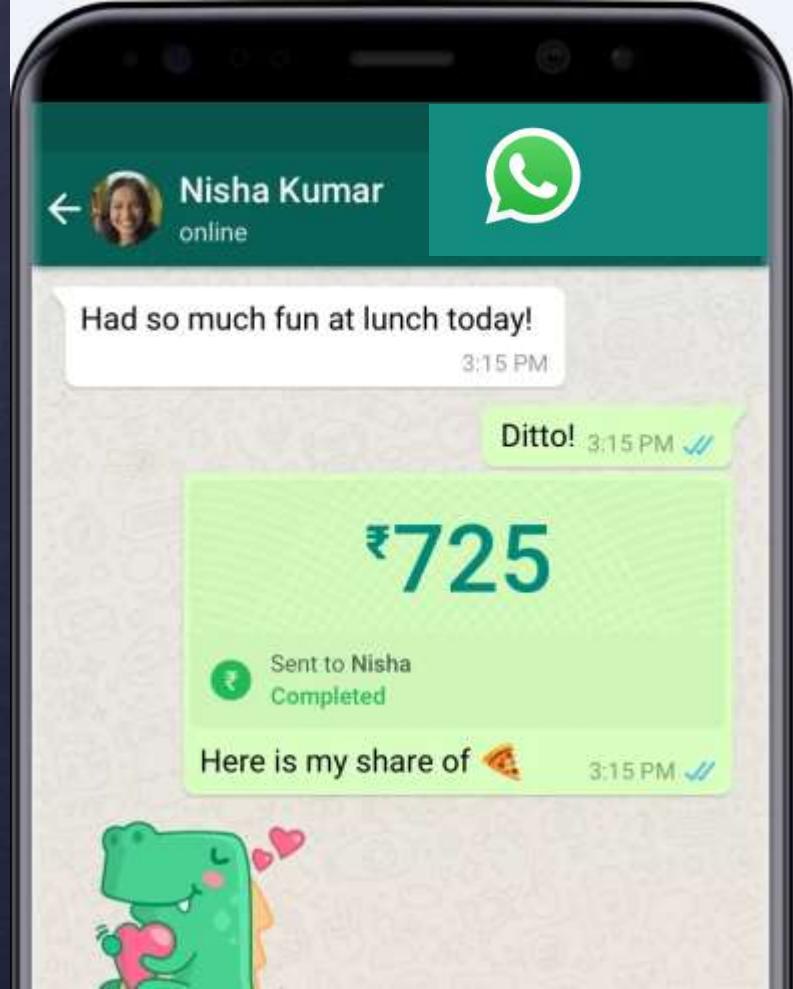
- Zomato, Google, Amazon etc,

- AmazonPay, MobiKwik, PhonePe,  
PayU, PayTM Wallet etc

- In later segment

- Clearing Corporation of India (CCI):
- ⚡ NOT Much IMP for our exam!





## Trusted payment partners

Money is directly transferred between bank accounts. The payments feature on WhatsApp is powered by [BHIM UPI](#) and processed by payment partners in India.

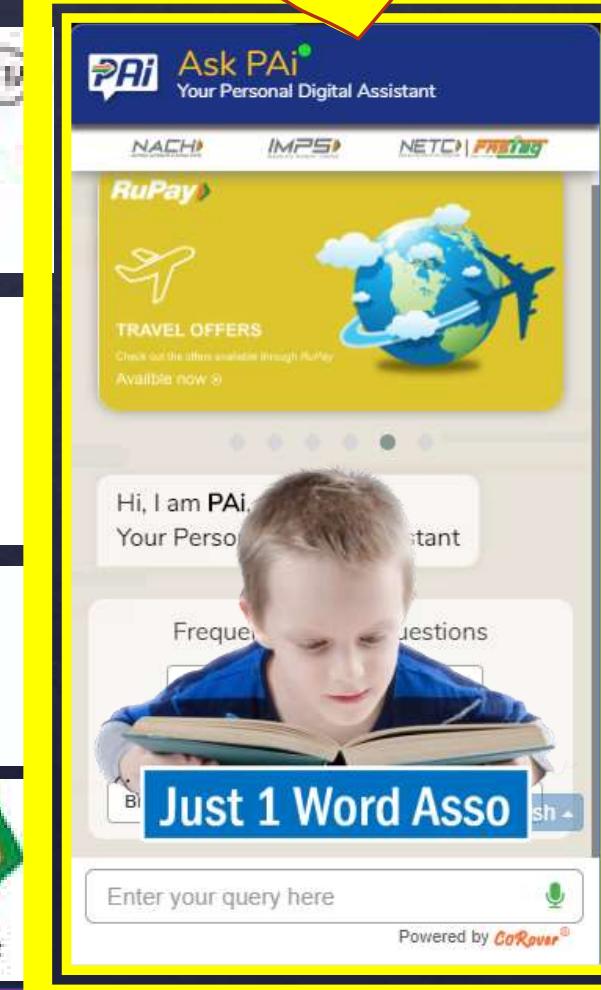


Do they need to get license from RBI ?  
Some court case going on. We'll not waste time.  
Not imp for exam.





Pai-Chatbot to answer  
FAQs about NPCi products



Objective: cost-effective payment solutions for banks

# Pillar#1A: Money



Commodity Money

Metallic Money

Paper /Fiat Money / legal tender

Bank Money,  
deposit money  
digital payment

Crypto  
Currency  
blockchain

Cheque  
Types

CTS, CBS

NEFT

RTGS

IMPS

NPCI: UPI-  
BHIM

E-Rupi

QR Code

PSO

NUE

Rupay

Card Types

Card  
Tokenization

NCMC &  
FastTag

ATM Types

MDR

Amazon

Paytm

Mastercard

NPCi

Flipkart

PhonePe

Visa

?? No rival



1) I've no rival! Noone can do the things I'm doing!!

I'm the GOD. अपुन ही भगवान है. कोई प्रतिस्पर्धा नहीं 🙏

**NPCI**  
भारतीय राष्ट्रीय भुगतान निगम  
NATIONAL PAYMENTS CORPORATION OF INDIA

AePS  
AADHAAR ENABLED PAYMENT SYSTEM

BBPS  
BHARAT BILL PAYMENT

NACH  
NATIONAL AUTOMATED CLEARING HOUSE

NFS  
NATIONAL FINANCIAL SWITCH

CT5  
CHEQUE TRUNCATION SYSTEM

RuPay

BHIM  
BHARAT INTERFACE FOR MONEY

UPI  
UNIFIED PAYMENTS INTERFACE

IMPS  
IMMEDIATE PAYMENT SERVICE

Pai-Chatbot to answer FAQs about NPCi products

Hi, I am PAI.  
Your Personal Digital Assistant

Frequently Asked Questions

What is UPI? What is RuPay?  
What is NPCI PAI Chatbot? What is BHIM?  
What is BBPS? What is NACH?  
What is NFS? What is CT5?

Send your query here

Reserve Bank of India

Objective: cost-effective payment solutions for banks



Amazon

Paytm

Mastercard

NPCI

Flipkart

PhonePe

Visa

?? No rival



1) I've no rival! Noone can do the things I'm doing!!

I'm the GOD. अपुन ही भगवान है



2) अभी घमंड निकालता हू

- Invites applications for
- New Umbrella Entity for Retail Payment System (2019)
- Competition, innovation, cheaper products.

3) Reliance, Paytm etc interested  
But then RBI suspended the process.  
So don't loose sleep.



- मेरे को इसपे phd debate करनी है कि .....
- NPCi is NOT for profit company
- But if Reliance/PAYTM enter NUE game, →
- they'll charge money so customer will not BENEFIT!
- NUE के नाम पे Paytm/Reliance कंपनी आएगी तो
- वो तो मुनाफा करने के लिए आएगी → तो इसमें ग्राहक का फायदा कैसे



हम तो मुनाफा  
करेगा  
दुनिया से नहीं डरेगा

- 1) for initial period Mukesh bhai may give things for free like JIO 4G
- 2) If he charges ₹₹ Still Rich customer may pay for better services
- 3) If we've free Government schools, then WHY are there private schools?
- मुकेश अंबानी पैसा लेकर अच्छी सेवा देता है और अमीर ग्राहकों ठीक लगेगा तो वो इस्तेमाल करेगा



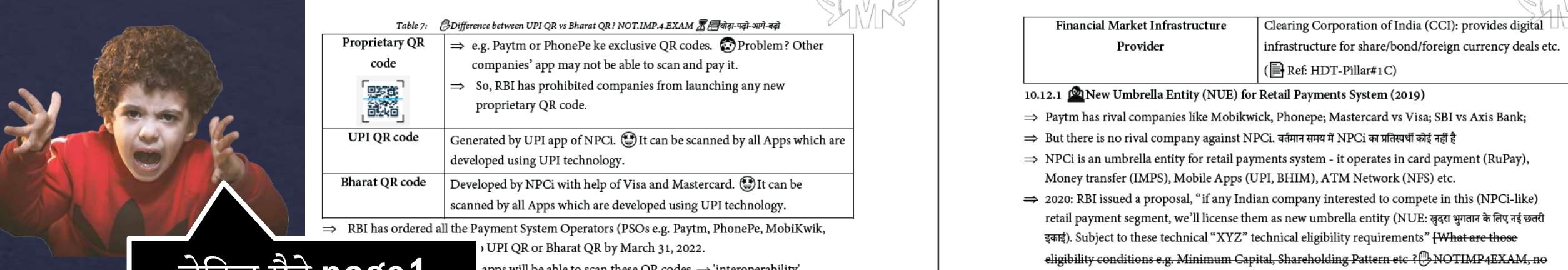


Table 7: Difference between UPI QR vs Bharat QR? NOT.IMP.4.EXAM शुद्ध वैज्ञानिक सम्बन्धीय प्रश्न

Proprietary QR code	⇒ e.g. Paytm or PhonePe ke exclusive QR codes. Problem? Other companies' app may not be able to scan and pay it. ⇒ So, RBI has prohibited companies from launching any new proprietary QR code.
UPI QR code	Generated by UPI app of NPCi. It can be scanned by all Apps which are developed using UPI technology.
Bharat QR code	Developed by NPCi with help of Visa and Mastercard. It can be scanned by all Apps which are developed using UPI technology.

लेकिन मैंने page1

भी शुरू नहीं किया

होँ तो Sunday में सब  
खत्म करो



MCQs we'll solve  
tomorrow. But first  
study the handout  
atleast once

#### 10.12 भारतीय प्रतिक्रिया प्रश्न

Payment and Settlement Systems Act, 2007: RBI gives license to Payment System Operators (PSOs).

Type of PSO	Examples
Entity For Retail Payments →	NPCI (learned in previous section)
Payment Gateway Operator →	MasterCard, Visa, Rupay
International Remittance	Western Union, MoneyGram
Payment Instrument (PPI)	AmazonPay, MobiKwik, PhonePe, PayU, PayTM Wallet etc
ATM Operators	SBI etc's own ATMs White label ATM

Finished upto page17

#### Financial Market Infrastructure

##### Provider

Clearing Corporation of India (CCI): provides digital infrastructure for share/bond/foreign currency deals etc.  
(Ref. HDT-Pillar#1C)

#### 10.12.1 नई अम्बेला एंटिटी (NUE) for Retail Payments System (2019)

- ⇒ Paytm has rival companies like Mobikwick, PhonePe; Mastercard vs Visa; SBI vs Axis Bank;
- ⇒ But there is no rival company against NPCi. वर्तमान समय में NPCi का प्रतिस्पर्धी कोई नहीं है
- ⇒ NPCi is an umbrella entity for retail payments system - it operates in card payment (RuPay), Money transfer (IMPS), Mobile Apps (UPI, BHIM), ATM Network (NFS) etc.
- ⇒ 2020: RBI issued a proposal, "if any Indian company interested to compete in this (NPCi-like) retail payment segment, we'll license them as new umbrella entity (NUE: सुदूर भूगतान के लिए नई छतरी इकाई). Subject to these technical "XYZ" technical eligibility requirements" [What are those eligibility conditions e.g. Minimum Capital, Shareholding Pattern etc ? NOTIMP4EXAM, no matter how many private mock-test-walla ASK it in their Faatu-Tests # जोड़ा-पढ़ो-आगे-करो ]
- ⇒ Benefits? More companies like NPCi → more competition → more innovation and cheaper services for users. (सर्वांगी तो नए तकनीकी आविष्कार होंगे, डिजिटल भूगतान सेवाएं पहले से भी ज्यादा सस्ती / किफायती, ग्राहक का फायदा)

#### MCQ. Find Correct Statement(s) [asked in UPSC- Prelims-2017]

1. NPCI helps in promoting the financial inclusion in the country.
  2. NPCI has launched RuPay, a card payment scheme.
- Answer codes: (a) 1 only      (b) 2 only      (c) Both 1 and 2      (d) Neither 1 nor 2

#### MCQ. Find Correct Statement(s) [asked in UPSC- Prelims-2018]

1. BHIM app allows the user to transfer money to anyone with a UPI-enabled bank account.
  2. While a chip-pin debit card has four factors of authentication, BHIM app has only two factors of authentication.
- Answer codes: (a) 1 only      (b) 2 only      (c) Both 1 and 2      (d) Neither 1 nor 2

#### 10.12.2 थिर्ड पार्टी एप्लिकेशन प्रोवाइडर्स (TPAPs): Google Pay, WhatsApp Pay

- WhatsApp Pay is a feature that allows users to send/receive money via WhatsApp to their contact list using UPI technology. UPI technology is developed by (NPCI).
- ⇒ Google Pay (GPay, formerly called 'Tez') is an App by Google for online payments.
- ⇒ As per rules, Payment Service Operators need to register with RBI under Payment and Settlement Systems Act, 2007. But Google functioned without authorization. बिना आरबीआई के पंजीकरण के चला रहा है

Google clarified: "Google Pay operates as a technology service provider. We are not part of payment processing or another. So, we require no license

जिसको आदोलनकारी बनना है  
Next topic पढ़े....

# Pillar#1A: Money



Commodity Money

Metallic Money

Paper /Fiat Money / legal tender

Bank Money,  
deposit money  
digital payment

Crypto Currency blockchain

Cheque Types

CTS, CBS

NEFT

RTGS

IMPS

NPCI: UPI-BHIM

E-Rupi

Rupay

Card Types

Card Tokenization

NCMC & FastTag

ATM Types

MDR



Merchant



Merchant



Merchant



Can't have world wide reach  
Duplication of effort

हर बैंक वाला हर व्यापारी के साथ  
नेटवर्क बिछाने जाए 😠  
प्रयत्नों का व्यर्थ दोहराव होगा



Client





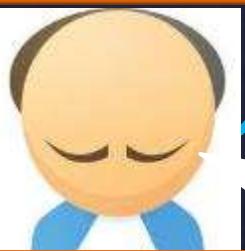
Merchant



Merchant



Merchant



Merchant



## “Visa/Mastercard” Payment gateway Company

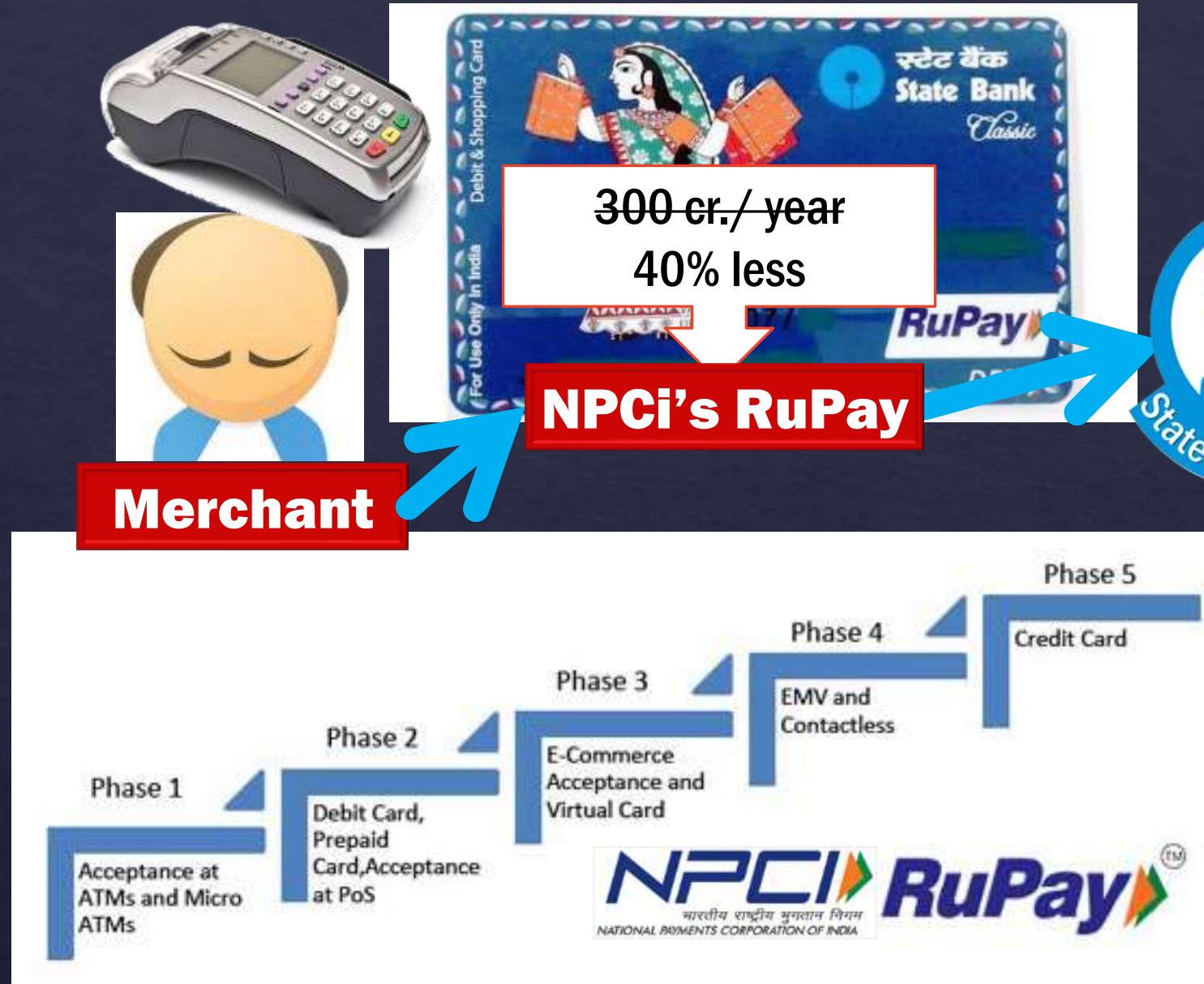
300 cr./ year  
Fees collected

₹ Merchant Discount  
rate (MDR) per  
transaction

₹ Annual fees credit  
/ debit card



Client



Remaining factoids in Handout:  
**NPCi Topic**  
आराम से पढ़ लेना



**NPCI: Rupay network:** हम फिरंगी कंपनियों से सस्ते में यह काम करवा कर देंगे

# Pillar#1A: Money



Commodity Money



Metallic Money



Paper /Fiat Money / legal tender



Bank Money,  
deposit money  
digital payment



Crypto Currency blockchain

- कल सुबह पहली फुर्सत में Handout पढ़कर खत्म करो
- यह सब.
- **phd** पंचात करनी मत बैठो
- परीक्षा में काम है उतना ही पढ़ा है उससे ज्यादा पंचात का कोई फायदा नहीं है

Cheque Types

CTS, CBS

NEFT

RTGS

IMPS

NPCI:  
UPI-BHIM

Rupay

Card Types

Card Tokenization

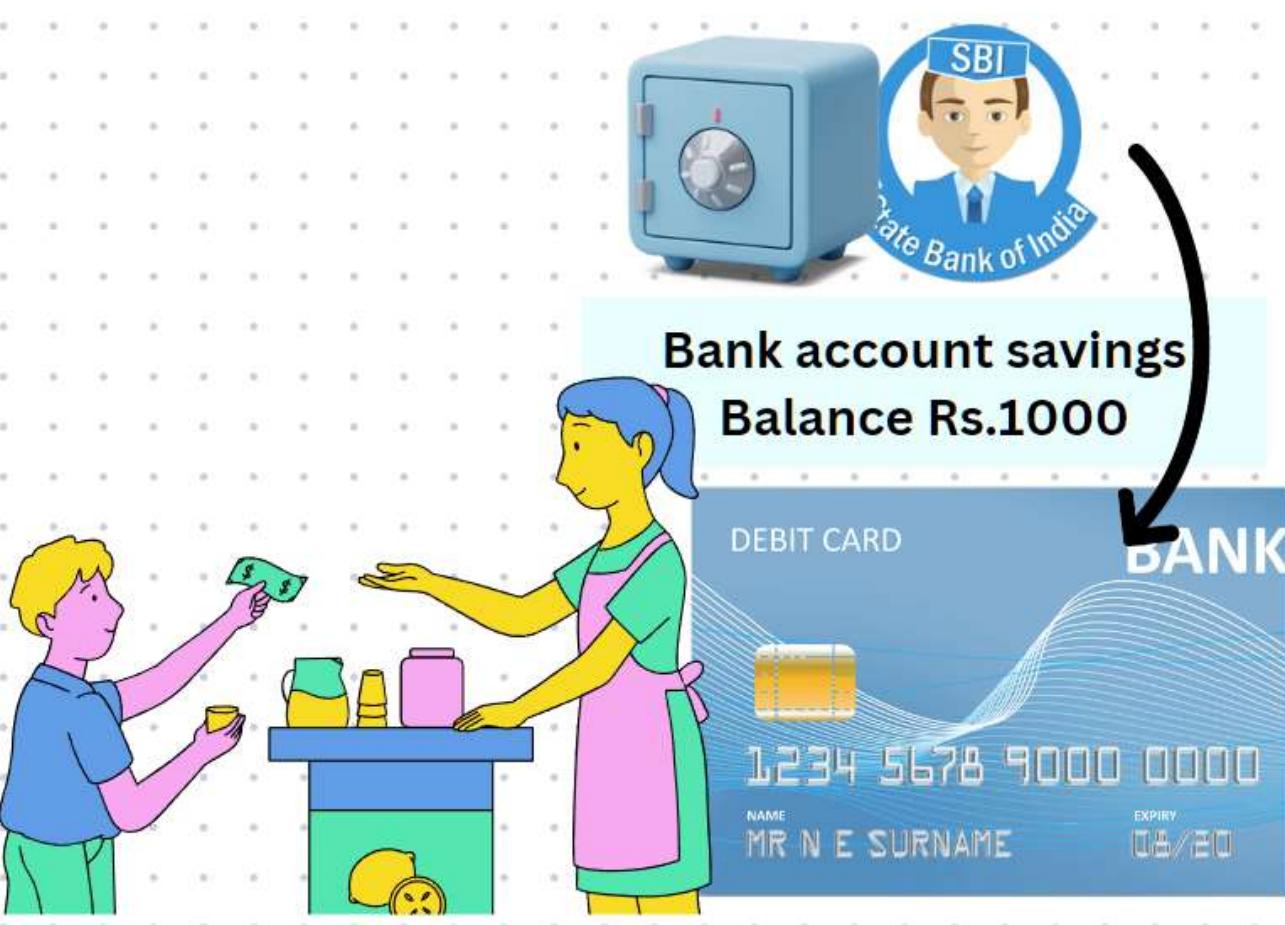
NCMC &  
FastTag

ATM Types

MDR



- **Credit Card: Do the shopping first.**
- **then pay to Bank after 30-45 days\*.**
- **if late payment = interest charged.**
- **एक तरह से कर्जे पर खरीदने की सेवा**



**Debit Card:** do the shopping using money  
SAVED in your bank account.

अपने बचत खाते का पैसा इस्तेमाल करने वाला कार्ड

# Magnetic Card: problem of cloning/skimming = RBI banned.



Magnetic Card: problem of cloning/skimming = RBI banned.



Mastercard.



**EMV card: Full form:  
Europay+Mastercard+Visa chip  
infrastructure with encryption**

# Card Types: Hybrid Card: एक ही कार्ड में दो दो प्रकार की सुविधाएं



Insert  
This side its  
Debit card



Hybrid card



Insert  
This side its  
credit card

# Prepaid Card



Pay ₹ to buy



Amazon Pay Gift Card - Gift Envelope  
of 3

Brand: Amazon Pay

4.5 stars 390 ratings

Price: ₹1,500.00

Inclusive of all taxes

FREE delivery: Nov 3 - 5 Details



Returns Policy

In stock.

Sold and fulfilled by QwikCilver Solutions Pvt. Lt

Gift Amount:

Photo ID proofs

Amazon Pay

Amazon Pay UPI

Add to your Amazon Pay balance

View statement

Redeem statement

Redeem statement

Redeem statement

amazon pay

Gift & Credits balance:

₹ 0.00

Add a Gift Card

e.g. 8U95-Y3E8CQ-39MPQ

Add to your balance

Please note: For optimal utilization, balance expiring the earliest will be redeemed first.

[Need help with adding the Gift Card?](#)

Buy the card →  
add its secret code in Amazon Pay Webpage  
You can do shopping/bill pay upto that amount

# Pillar#1A: Money



Commodity Money



Metallic Money



Paper /Fiat Money / legal tender



Bank Money,  
deposit money  
digital payment



Crypto Currency blockchain

- कल सुबह पहली फुर्सत में Handout पढ़कर खत्म करो
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Cheque Types

CTS, CBS

NEFT

RTGS

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NPCI:  
UPI-BHIM

Rupay

Card Types

Card Tokenization

NCMC &  
FastTag

ATM Types

MDR

# Watch: Taimur Ali Khan is having a fun

By - TNN | Updated: Nov 21, 2018, 17:52 IST

 FACEBOOK

 TWITTER

 PINTREST



COMMENTS (3)

SORT: Newest

X



Wow Taimur is making lot of effort to lift this haystack!

POST

Count: 2943

SIGN IN WITH:

 Facebook

 Google

 Email

Mrunal

OR POST WITHOUT REGISTRATION

Mrunal.official@gmail.com

25

Location: Outside SRK Bunglow

- If I use Mrunal.official@gmail.com id= the website may start sending me SPAMMY marketing offers 😠 😠
- 😊 So what If I create a FAKE/temporary/secondary id
- Mrunal.comments@gmail.com

## Watch: Taimur Ali Khan is having a fun

By - TNW Updated: Nov 21, 2018, 17:52 IST

[FACEBOOK](#) [TWITTER](#) [PINTREST](#)



Comments (3) SORT: Newest X

Wow Taimur is making lot of effort to lift this haystack! POST

Count: 2943

SIGN IN WITH [Facebook](#) [Google](#) [Email](#)

Mrunal OR POST WITHOUT REGISTRATION Mrunal.official@gmail.com

Location: Outside SRK Bunglow 2+4 25

- If I use [Mrunal.official@gmail.com](mailto:Mrunal.official@gmail.com) id= the website may start sending me SPAMMY marketing offers 😱 😱
- So what If I create a FAKE/temporary/secondary id [Mrunal.comments@gmail.com](mailto:Mrunal.comments@gmail.com)

If anything important  
then gmail should  
forward email from  
Secondary account  
To primary account

## Settings

General Labels Inbox Accounts Filters Forwarding and POP/IMAP Chat Web Clips Labs Offline Themes

### Forwarding:

[Learn more](#)

Disable forwarding

Forward a copy of incoming mail to [keep Gmail's copy in the Inbox](mailto:Mrunal.official@gmail.com)

Add a forwarding address

Mrunal.official@gmail.com

Tip: You can also forward only some of your mail by creating a filter!

# Amazon, paytm etc save your card details for faster payment next time



- जब आप शॉपिंग करते हैं तो यह वेबसाइट वाले आपके कार्ड की जानकारी **save** करते हैं ताकि दूसरी बार फिर से सब **typing** नहीं करना पड़े
- :( But what if such app/ portal is hacked.
- :( Similarly What if physical store merchant sees the number and misuses it?

Select a payment method

- Saved Details
- Debit Card
- Credit Card
- Net Banking
- ATM

Your Saved Card

Axis Bank VISA  
4505 XXXX XXXX 6856  
ENTER CVV  Pay now

Select a payment method

Your saved credit and debit cards

ending in **.....**  
CVV (?)  (Your preferred payment method)

Name on card  Expires on

Another payment method

# Card Tokenization



Vijay Dinanath Chauhan Card No.  
4725-5346-3456-2356



Vijay Token No.  
4725-अष्टम-पश्टम-तंबूरा-बाँसुरी

So even if details are hacked,  
→ **hacker can't know** your  
**original card number** expiry date,  
CVV number etc.

Hacker ने इसको नंबर चुरा भी  
लिया तो उसे तंबूरा कुछ मिलेगा नहीं

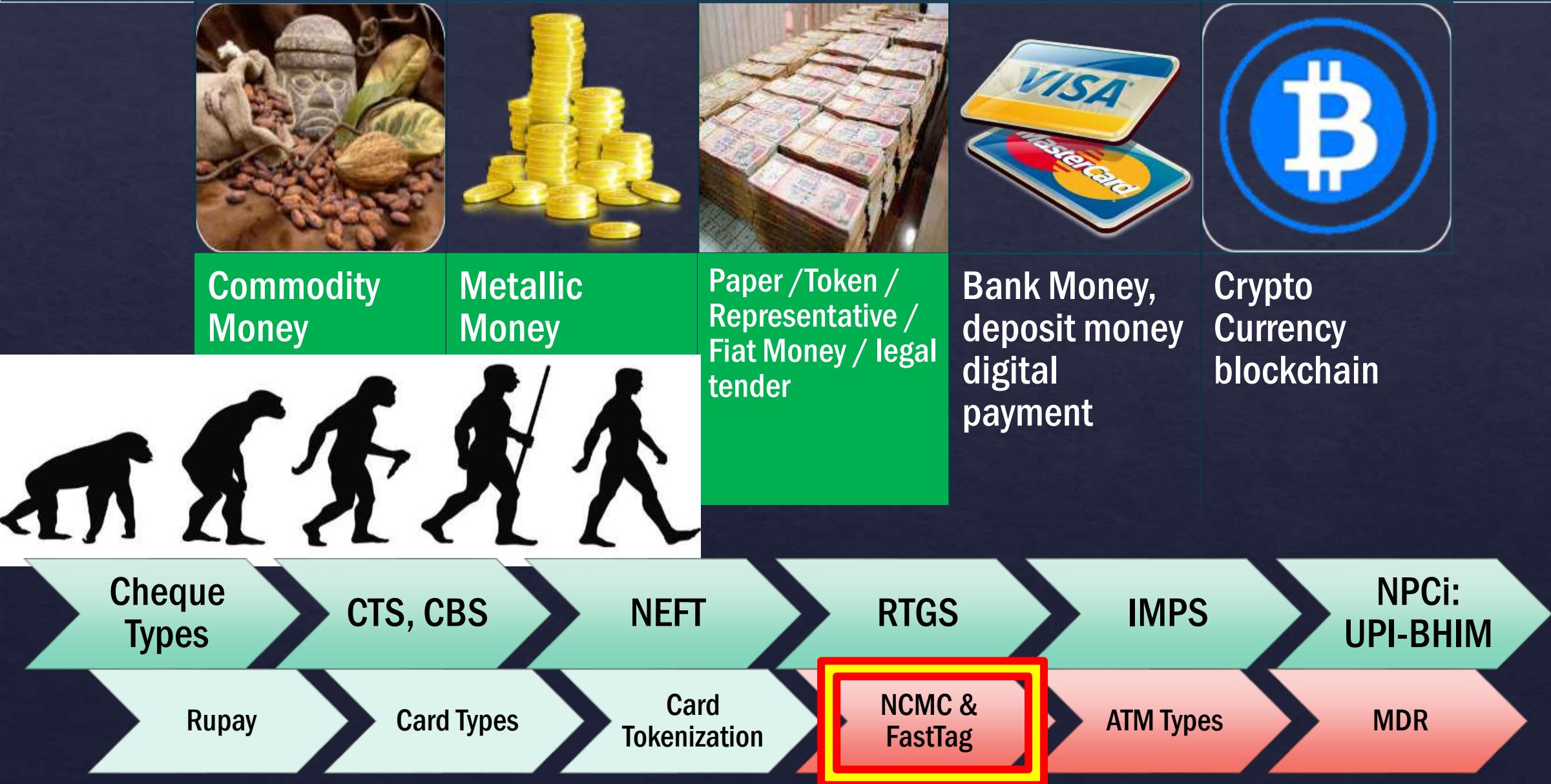
RBI issued guidelines in 2019-Jan.

- ◆ Does Token number have 15 digits or 16 digits? Does it contain alphabets?
- ◆ What is Primary Account Number (PAN) ?
- ◆ What is Detokenization?
- ◆ What is full form of CVV.?

Ans. important for IBPS but not so for UPSC. UPSC usually confines around motives, cause, consequences (Here: making the card details more secure/ private.)



# Money: Evolution of



## 2019: National Common Mobility Card (NCMC) 3 components:

रेलवे और बस की टिकट खरीदने के लिए कार्ड ताकि छुट्टे पैसों की मगजमारी नहीं हो

By Urban Ministry + NPCi and other organizations

- ❖ 1) NCMC Card: issued by bank.
- ❖ Nature can be Debit/Credit/Prepaid.
- ❖ They can be used for metro, bus, suburban railways, toll, parking, smart city payments,
- ❖ Also for retail shopping.
- ❖ 2) SWEEKAR: Automatic Fare Collection System.
- ❖ 3) SWAGAT: Swachalit / Automated Gate.

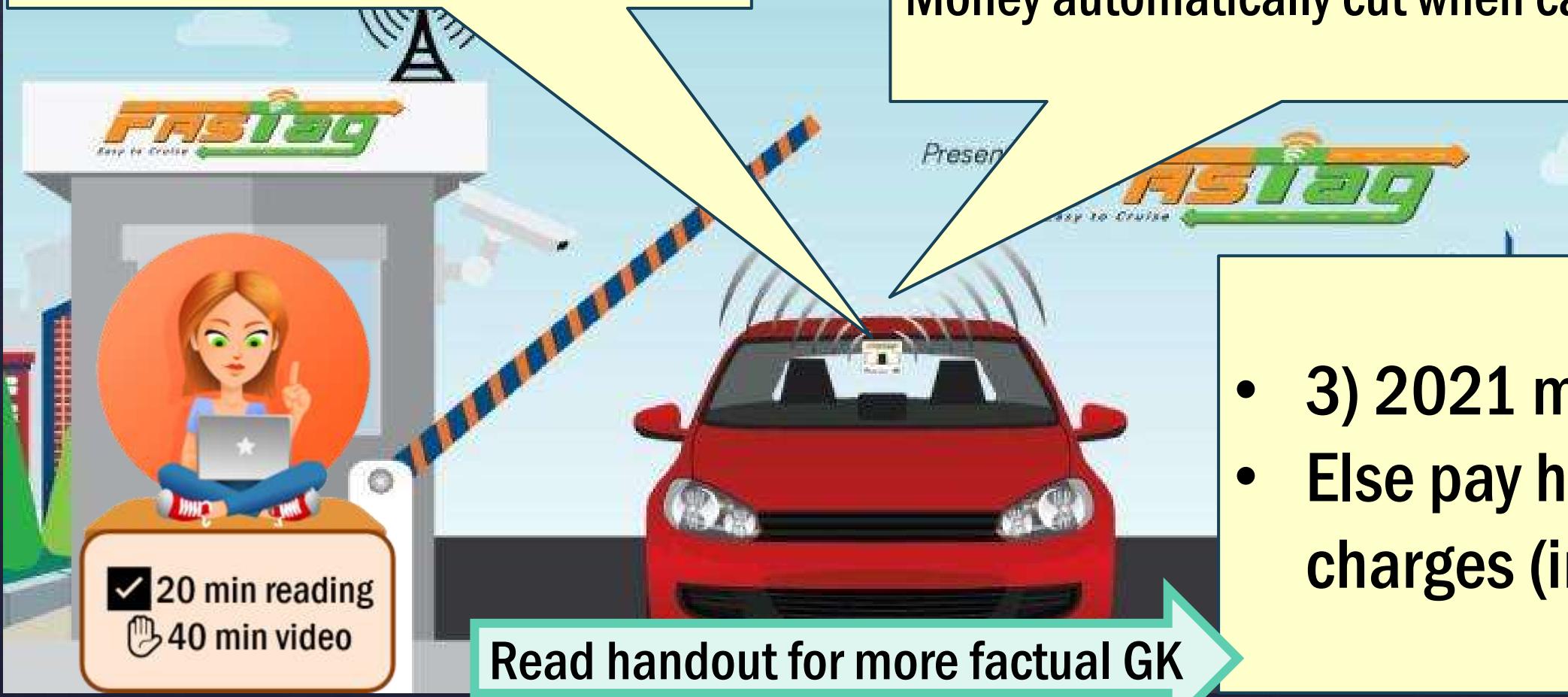


# Related: Transport → E-toll collection via FASTag (2017)

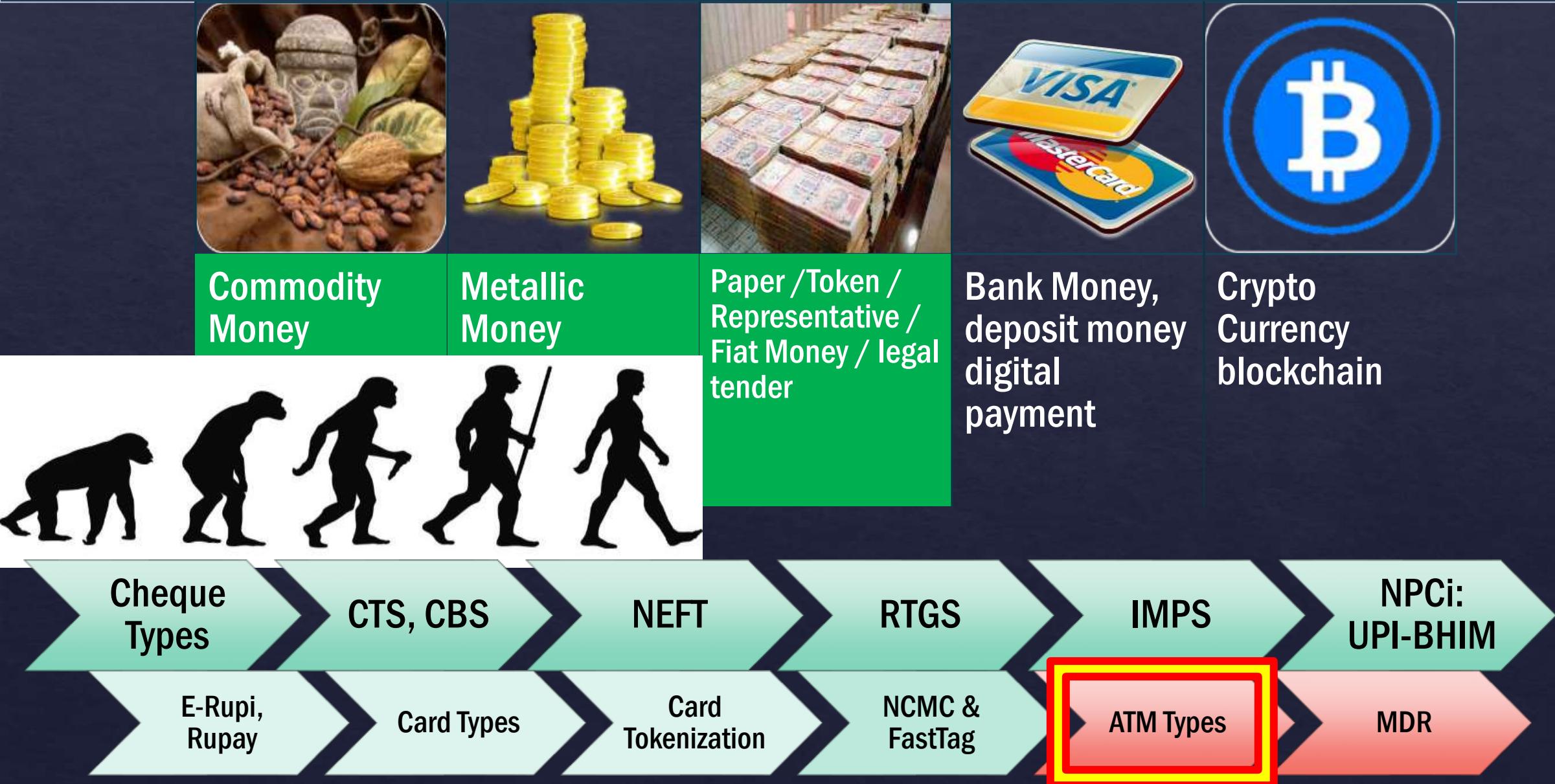
टोल नाके पर छुट्टे पैसे की मगजमारी नहीं हो

1) 2013: govt made it compulsory to install RFID tags on windscreens.

2) Load money using mobile Apps.  
Money automatically cut when car passes



# Money: Evolution of





Individual bank's CBS



NPCI's NFS runs  
ATM network



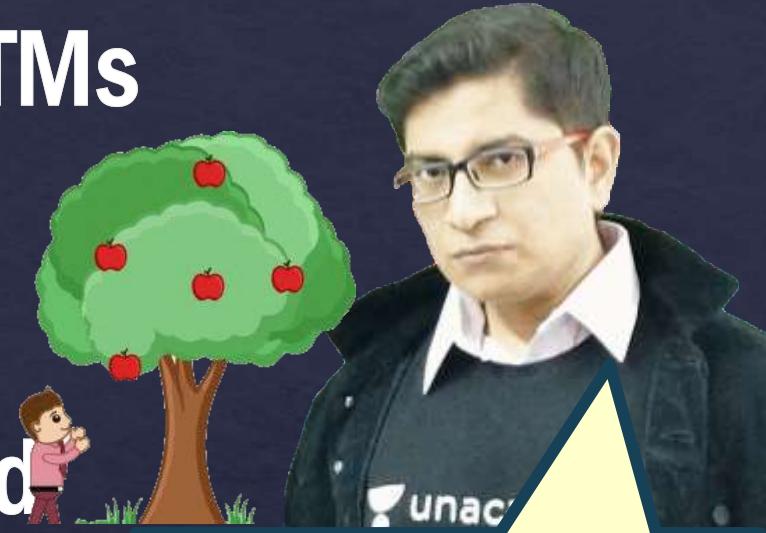
(Asked in UPSC-Pre-2018 Series A Q15.

Which one of the following links all the ATMs in India?

- (a) Indian Banks' Association
- (b) National Securities Depository Limited
- (c) National Payments Corporation of India
- (d) Reserve Bank of India

They run the **National Financial Switch (NFS)** so  
C is official answer

We had learned this in **Yesterday's class**



In every prelims, 30-40 Qs are very easy, if you revise routine things. But people tend to spend 90% of their time only on the 10 unsolvable tough Qs only.

P  
Atte



## ATM Types

Bank label

- Bank Itself owns and operates

Brown label

- Bank owns but Work Outsourced

White label

- Non Bank owns and operates

which was the first company to launch?  
IBPS GK not important for us.

**FEDERAL BANK**  
YOUR PERFECT BANKING PARTNER

Sponsor bank gives cash



**WHITE LABEL (non-Bank owns & operates)**

# **“Micro-ATM= “DESHI Jugaad”**



**1) PoS (Point of Sale) device with Card reader, Aadhar enabled fingerprint scanner**

**2) Bankmitra/ shopkeeper enrolled with bank → gives /deposits cash manually**

**3) banking facility to every poor person= financial inclusion**

गरीबों को भी गांव वालों को भी बैंक की सुविधा  
वित्तीय समावेशन

# Money: Evolution



**Commodity Money**

**Metallic Money**

**Paper /Token / Representative / Fiat Money / legal tender**

**Bank Money, deposit money digital payment**

**Crypto Currency blockchain**

**Cheque Types**

**CTS, CBS**

**NEFT**

**RTGS**

**IMPS**

**NPCI:  
UPI-BHIM**

**Card Types**

**Card Tokenization**

**NCMC & FastTag**

**ATM Types**

**MDR**

- 2017: National Highways Authority of India (NHAI, a statutory body under Highways ministry) launched 2 mobile apps MyFASTag and FASTag Partner to facilitate Electronic Toll Collection ([www.etaan.org](http://www.etaan.org)).
- Persons loads up **#** in his mobile app → activates RFID tag in his car → when it passes through highway toll-booth, the money is automatically deducted → faster traffic movement, (and hidden benefit: tracking of vehicle theft, criminal's movement etc.)
- FASTag is vehicle specific and once it is affixed to a vehicle, it cannot be transferred to another vehicle. It has validity of 5 years.
- NPCI's has National Electronic Toll Collection (NETC) provides technological support.
- Highways Ministry is also trying to bring inter-operability ([interoperability](#)) of the FASTags i.e. single FASTag can be used for paying **#**
  - at State Highways Toll Plaza (under State Governments' purview) as well as
  - at National Highways Toll Plaza (under Union Government's purview).
- From middle of Feb 2021, it became mandatory for all vehicles passing through tolls to have FASTags. Vehicles without FASTags will have to pay up more fees/toll at the gates.

## 10.9.5 ATM and its Types



⇒ Automated Teller Machine (ATM) allows bank customer to withdraw money or check balance without visiting any branch of a bank.

⇒ ATM network works on NPCI's NPS (National Financial Switch).

Bank label	Bank itself owns and operates the ATM network.
Brown label	Bank owns but operations outsourced (cash refilling truck, guard) <ul style="list-style-type: none"> <li>- Note: Some books offer different definition, but I've taken above from <a href="#">Economic Times Article 2013</a>.</li> </ul>
White label	Non-bank owns and operates. E.g. Muthoot Finance, Tata Communication, Prima <ul style="list-style-type: none"> <li>⇒ In 2012: RBI invited application, 6 companies given license.</li> <li>⇒ From 2013-19 no new applications invited.</li> <li>⇒ 2019-Aug: RBI announced 'on-tap' licensing system for white label ATM i.e. a company can apply to RBI as and when it wants (just like applying for driving license), company doesn't have to wait for applying (until IAS exam notification).</li> </ul>
Micro-ATM	Bankmitra minimally makes entries of deposit and withdrawal for customer. It uses handheld device for using card & Aadhar biometrics. NPCI's AEPS technology gives backend technological support.

2019-June: RBI setup V-G Kisan Committee to remove ATM charges by banks such BankingGK and IMPFaS.

## 10.10 MDR: FULL FORM: MERCHANT DISCOUNT RATE (व्यापारिक छूट दर)

⇒ MDR is the fee that a merchant must pay to his (acquirer) bank for every credit / debit card transaction.

⇒ MDR fees is shared among 3 parties 1) customer's card issuing bank 2) merchant's acquiring bank 3) payment gateway provider.

# Merchant discount rate (MDR) falls on Merchant...

ग्राहक कार्ड द्वारा व्यापारी को भुगतान करता है तब कार्ड कंपनी वाले कुछ पैसा कटवा लेते हैं



Point of Sale  
(PoS) device



Rs. 10,000/- paid



Money transfer

# Merchant discount rate (MDR) falls on Merchant...

ग्राहक कार्ड द्वारा व्यापारी को भुगतान करता है तब कार्ड कंपनी वाले कुछ पैसा कटवा लेते हैं



Particulars	Amount
Transaction Amount	10,000
MDR charged to merchant @2%	200

धर्मशाला नहीं चल रही है हमको भी नेटवर्क चलाने के  
लिए खर्चा लगता है

We want to fees to run this network



Point of Sale  
(PoS) device



Rs. 10,000/- paid

Rs. 10,000-Rs.200

मुझे

Ph.d कराओ



In what ratio/proportion is this MDR fees divided between  
1. SBI  
2. Axis  
3. Visa/Mastercard/Rupay

# Moral Outrage. PHD pursuits = NOT REQUIRED



Sufficient to know, all 3 will earn some ₹₹ from MDR

What ratio? = NOT IMP 4 IAS

# थोड़ा-पढ़ो-आगे-बढ़ो



# Merchant discount rate (MDR) falls on Merchant...

ग्राहक कार्ड द्वारा व्यापारी को भुगतान करता है तब कार्ड कंपनी वाले कुछ पैसा कटवा लेते हैं



Particulars	Amount
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धर्मशाला नहीं चल रही है हमको भी नेटवर्क  
चलाने के लिए खर्चा लगता है



Point of Sale  
(PoS) device



This affects my  
profitability. I shd insist  
on cash payment  
=scope for black  
money/ tax evasion

Rs. 10,000/- paid

:( Rs. 10,000-Rs.200



## MDR FEES is distributed among

Customer's  
bank



Merchant's  
Bank



Payment  
Gateway (Visa,  
Mastercard)



# MDR Rates & Banker's point of view



We'll earn fees from  
MDR

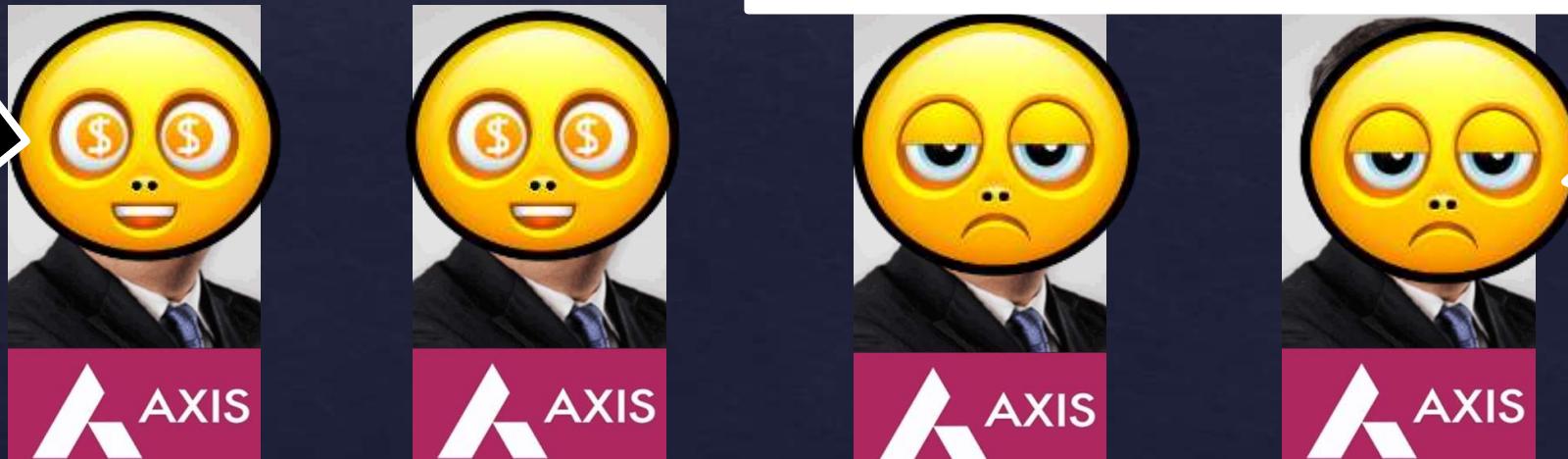


# MDR Rates & Banker's point of view



बैंको का नुकसान होगा क्योंकि उनको फीस  
नहीं कमाने मिलें

Because  
Government  
had  
announced  
0% MDR on  
this → to  
promote  
digital  
payments



# What is meant by ‘we will not promote this?’

amazon



## Apple iPhone 13 Mini (128GB) - Blue

Visit the Apple Store

4.5★ 453 ratings | 78 answered questions

Price: ₹59,237.29 excl. GST

₹69,900.00 incl. GST

✓ prime FREE One-Day

Inclusive of all taxes

EMI starts at ₹3,290. No Cost EMI available EMI options

7-day replacement only

Size name: 128GB

128GB 256GB 512GB

Colour: Blue



Model Name

iPhone

Wireless Carrier

Unlocked for All Carriers

Brand

Apple

## Save Extra with 4 offers

- **Bank Offer (5):** Flat INR 6000 Instant Discount on SBI Credit Card Transactions. Minimum
- Flat INR 6000 Instant Discount on ICICI Bank Credit Cards (excluding Amazon Pay ICICI)
- Flat INR 3903 Instant Discount on Amazon Pay ICICI Credit Card Transactions. Minimum

## MDR Rates & Banker's point of view

1.5-3%



Credit Card



Debit Card (Visa,  
Mastercard)



Debit Card  
(RuPay)



UPI

Because Government had announced 0% MDR on this → to promote digital payments

We'll earn fees from MDR 😊



👉 We'll not promote this. There is no MDR fees

Search | Copy

# MDR Subsidy (earlier in 2018 by MEITY)

## Now again to be resumed from 2022

ये सब्सिडी तो पहले भी 2018 में सरकार देती थी.  
बीच में बंद किया. अब वापस शुरू किया है

1.5-3%



Credit Card

0.90%



Debit Card (Visa,  
Mastercard)



MDR subsidy by govt

0%

Debit Card  
(Rupay)



0%

UPI

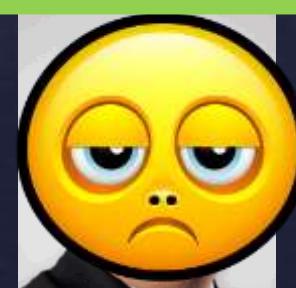
MDR subsidy  
for transactions  
upto Rs.2000  
Through  
Rupay DEBIT  
& UPI



AXIS



AXIS



AXIS



AXIS





# FAQ / Moral Outrage / PHD on MDR decision

1. Who cuts MDR? Bank or card company?
  2. When do they cut it? Every day or every month? हर दिन के हर महीने
  3. How much do they cut?
  4. I've counter- intellectual thoughts about this subsidy?
  5. Help me write a PHD thesis on it.
  6. RBI gave 500cr subsidy on “X” date- why have u not mentioned it?

# Operational aspects not imp

# One liner 1) MDR reforms taken to digital economy

## # થોડા-પઢો-આગે-બઢો

## इतनी पंचात क्यों करनी है, भाई?

6) @Bankers & Card companies:  
0% MDR on Rupay debit card / UPI App



7) but it'll cause  
loss for us!

9) MDR subsidy game not financially sustainable.  
better charge some fees on UPI/Rupay Debit card also.  
let me write a discussion paper on this!

8) Ministry of  
Electronics & IT will  
give u subsidy



# Pillar#1a: Money- BARTER TO BITCOIN- now we are at page-27

डिजिटल भुगतान को प्रोत्साहन देना चाहिए- क्यों और कैसे?



Commodity Money



Metallic Money



Paper Money



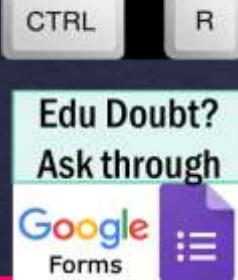
Bank Money,  
digital payment



Crypto  
Currency  
blockchain



Audio/Video  
Problem?



- ✓ Ratan Watal Committee to Finance Ministry for medium term recommendations to strengthen digital payment ecosystem. (रतन वातल समिति की सलूक करना)
- ✓ Chandrabhan Naik chief ministers' Committee to PM to promote digital payment.
- ✓ HRD ministry's Virtiya Saksharta Abhiyan wherein college students explain people about digital transactions. (विर्तिया सक्षर्ता अभियान में विश्वविद्यालयों के छात्रों द्वारा लोगों को डिजिटल ट्रांजॉक्शन के बारे में जागरूक करना)
- ✓ NITI+ NPCI launched lottery / cashback scheme for customers (Lucky Grahak) and merchants (Digi Dhan Vyapar). Government itself launched further referral bonus, cashback schemes for using UPI+ BHIM.

⇒ Budget-2017: imposed ceilings on cash transactions, gave tax incentives to companies for using digital transactions. (माले बजारों पर बिलाया, रिटेल प्राइवेट ग्रान्टों पर कटी गई टैक्स)

⇒ Budget-2018: promised to explore blockchain technology [of cryptocurrencies] for promoting digital economy.

⇒ Budget-2019 by Nirmala S. imposed TDS on withdrawal of ₹1 cr/> cash from a single user account.

<More in Pillar2: Taxation → Black Money> (पीछे तक तो हो जाएगी राज दस्ती पर लौटीपा तोहना)

Table 1. Awareness campaign for Digital Payments- (जी DONT Miss Step. धूम लगानी नहीं है)

- |                         |  |
|-------------------------|--|
| Digidhan Mission (2017) | ⇒ Ministry of Electronics and Information Technology (MeITY), to create awareness about digital payments. It'll expire on 31/12/2020, unless renewed further.<br>⇒ MeITY also launched a DIGIDHAN DASHBOARD web portal to monitor the digital transactions in India. |
|-------------------------|--|

- |                                     |   |
|-------------------------------------|---|
| Digital Payment Abhiyan (2019-Sept) | ⇒ MeITY + Google India + Data Security Council of India (DSCI), a not-for-profit organization by NASSCOM<br>⇒ They launched this nationwide awareness campaign for digital payment- how to use UPI, wallets, cards, online banking etc. |
|-------------------------------------|---|

10.11.1 RBI's Nandan Nilekani Panel (2019 Jan to May)



Nilekani (Ex-chairman of UIDAI) gave total 70+ suggestions. Notable among them are:

#### Suggested Reforms @Government

- ⇒ Under Direct Benefit Transfer (DBT, राजकारण संस्थान) mechanism, Government transfers subsidies and payments directly to beneficiaries account such as MNREGA or Posh-LPG subsidy.
- ⇒ But poor people withdraw cash from bank account entirely because local merchants not accepting digital payments. So, raise awareness about BHIM-UPI and its adoption.
- ⇒ Government's MDR subsidy expires on 2019-Dec. Extend it for another 2 years.
- ⇒ Give companies tax incentives (एक विकास) for using digital payments. (उपकारी वित्तीय विकास) for using digital payments.
- ⇒ Government organizations should not charge convenience fees (प्रविधि शुल्क) from citizens while accepting digital payments. GSTN portal should allow card payments.



## Regulatory Bodies?

- BPSS
- Digital Ombudsman

WHY Encourage?



How to Encourage?

Mains bol-bachchan. NOT part of this course

# Nilekani Committee : @RBI should setup an Fund



1) merchant मशीन लगाएगा तो

- Cost of installing PoS device
- Internet connection
- Electricity connection
- X% MDR fees

2) हम क्यों PoS  
मशीन लगाएंगे?  
हम नहीं लगाएंगे!



# Nilekani: @RBI should setup an Fund



- 1) merchant मशीन लगाएगा तो
- Cost of installing PoS device
  - Internet connection
  - Electricity connection
  - X% MDR fees



3) RBI & Banks to contribute ₹₹

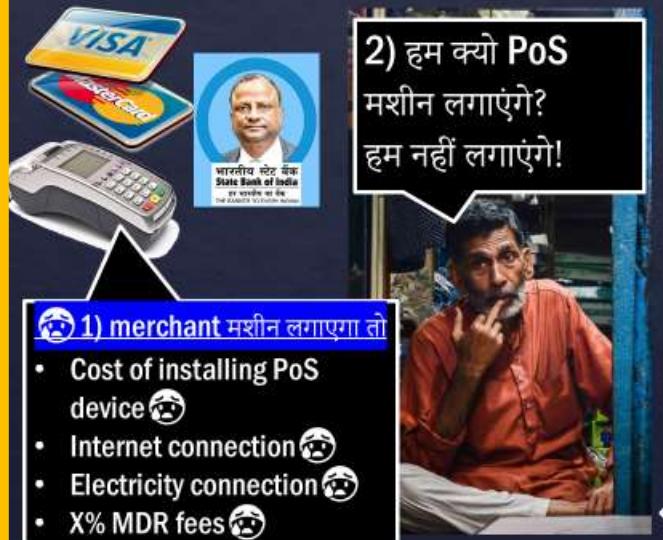


Give subsidy / assistance to cover these costs



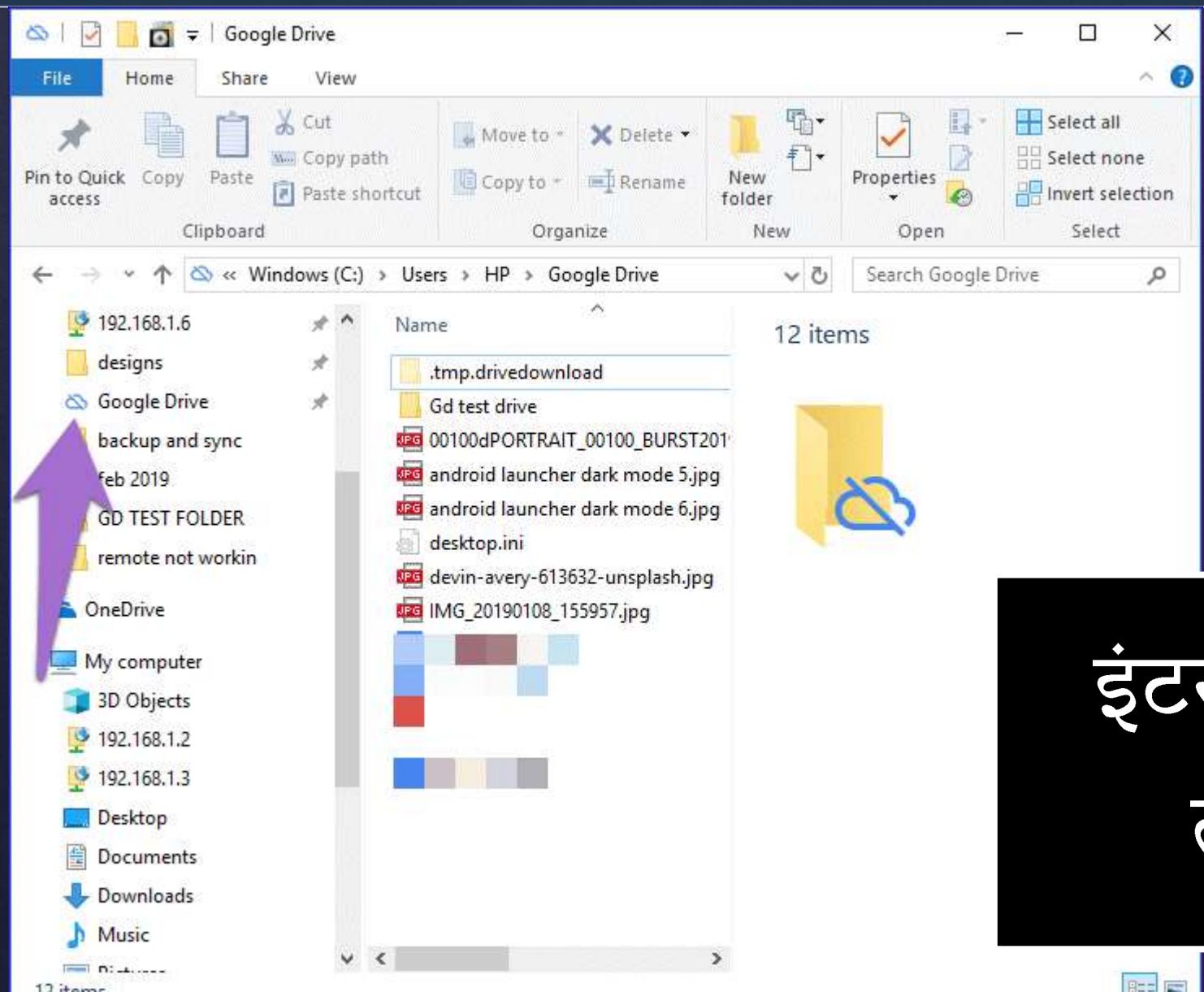
# Payments Infrastructure Development Fund (PIDF) 2020-Jun

Nilekani: @RBI should setup an Acceptance Development Fund



RBI agreed  
ठीक है  
हम ऐसा फंड बनाएंगे  
with name  
PIDF fund

# Create files Offline → sync in google drive cloud



इंटरनेट बंद/ Offline हो  
तब भी काम हो सके

# Create files Offline → sync in google docs

The screenshot shows a Google Docs interface. The title bar says 'temp MCQ maker'. The sidebar on the left has a list of documents: '1A1', '6', '4c xrr', '4c', and 'Mock'. A context menu is open over the '1A1' document, with the 'File' tab selected. The menu options are: Share, New, Open (Ctrl+O), Make a copy, Email, Download, Make available offline (which is highlighted in blue), and Version history.

The main content area displays a question '1A1' followed by a text block: 'What are the demerits / disadvantages / drawbacks of barter system?'. Below it, there is a sentence in Hindi: 'सहयोग के बिना व्यापार संभव नहीं'.

- इंटरनेट बंद हो तब भी **google chrome → google docs** में काम कर सकते हैं
- और फिर जब इंटरनेट चालू होगा तो अपने आप वह **cloud-save** कर देगा

# Offline digital payments why required



1) At present: these things will not work  
If offline / internet connectivity

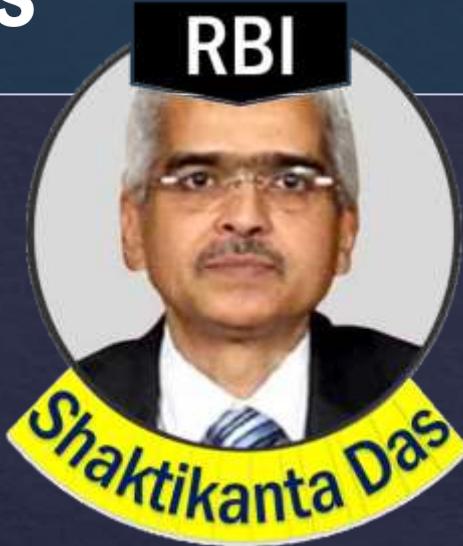
इंटरनेट बंद हो ये सब डिजिटल भुगतान सुविधाएँ काम  
नहीं करेंगी 😠

# Offline digital payments - RBI allowed this



Upto ₹200 payment per transaction  
will work even if If offline / internet connectivity

इंटरनेट बंद हो तब भी डिजिटल भुगतान हो सके और  
बाद में इंटरनेट चालू हो तो online-sync



Trials are  
going on

# Encouraging ‘less cash’ economy



Commodity Money



Metallic Money



Paper Money



Bank Money,  
digital payment



Crypto  
Currency  
blockchain

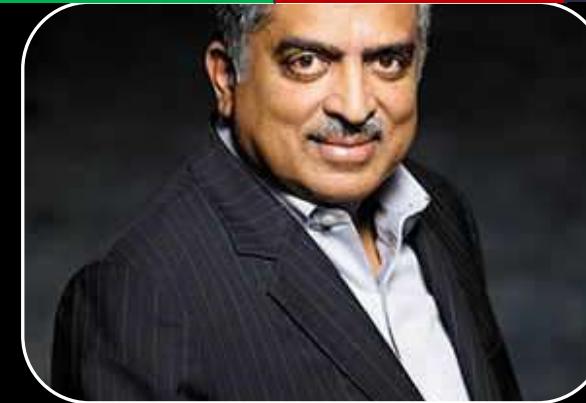
Audio/Video  
Problem?



Edu Doubt?  
Ask through



WHY Encourage?



How to Encourage?



Regulatory Bodies?

- BPSS
- Digital Ombudsman

# Regulation over digital Payment settlement ?

डिजिटल भुगतान प्रणालियों पर नियंत्रण के लिए कोई संस्था है कि नहीं?

## Narsimham-II Committee (1998)

- **Payment & Settlement Systems Act 2007 →**  
RBI supervise..
- **RBI → Board for Regulation and  
Supervision of Payment and Settlement  
Systems. (BPSS: Statutory body: वैधानिक संस्था)**
- All Payment system providers have to  
register.



# 2019-Jan: RBI's Ombudsman Scheme for Digital Transactions

डिजिटल भुगतान के लिए रिजर्व बैंक का शिकायत निवारण अधिकारी

My money was  
accidently cut / not  
reflected etc



में दिलाऊँगा तुम्हें  
**Insaaf-the-Justice**



# Integrated scheme ombudsman



(i) Banking  
Ombudsman

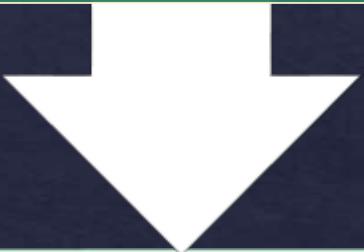
:( BEFORE- 3 separate bodies in RBI

ii) non banking  
financial companies  
(NBFC) Ombudsman

(iii) Digital Transaction  
Ombudsman



More in  
pillar 1D3



☺ AFTER- Integrated Ombudsman Scheme  
"One Nation One Ombudsman"

HOW it works in real life? Not.Imp. visit their website



**BHIM**  
BHARAT INTERFACE FOR MONEY

**MobiKwik**

**amazon pay**

**Paytm**

**freecharge**

# Economy Pillar1A-1: Money Evolution → INDEX?



Commodity Money

Metallic Money

Paper Money

Bank Money,  
digital payment

Crypto  
Currency  
blockchain  
NFT



I'll make index

I'll make index



WHY Encourage?



How to Encourage?



Regulatory Bodies?

- Payment Regulatory Board-
- Digital Ombudsman

# Small small GK I'll not teach.



## 10.19 🏆📊 DIGITAL PAYMENT RELATED INDEX / COMPETITIONS/

Below table given if preparing for RBI grade-B officer exam etc. I am not sp the ranks because poor cost benefit for #IAS-Prelims-RAFTAAR.

✓ 20 min reading  
🕒 40 min video

REPORT	RBI's Payment and Settlement Systems in India Vision
INDEX/Ranking	RBI Digital Payments Index– to check level of digital of India. (DPI डिजिटल भुगतान सूचकांक)
INDEX/Ranking	RBI's Financial Inclusion Index– to check whether ev access to banking, loan, insurance pension, etc. (वित्तीय
Competition	RBI's Harbinger Hackathon 2021 competition for ini payment.



Just 1 Word Asso

RBI's Harbinger Hackathon competition  
for digital payment

# Economy Pillar1A-1: Money Evolution → Bitcoin – Page 28 onwards



Commodity Money

Metallic Money

Paper Money

Bank Money,  
digital payment

Crypto  
Currency  
blockchain



Cryptocurrency: 3 ways to obtain?



Cryptocurrency is dangerous

- RBI & India Govt's stand?



Blockchain Technology

- Useful



Global initiatives: world Bank, Marshal Island Venezuela, El-Salvador



China's CBDC, India Budget



NFT

## 3 Ways to Obtain BITCOIN (बिटकोइन हाँसील करने के तीन तरीके)



1) Mining



2) Sell goods /  
services to miner



3) Exchange with  
legal tender.