India may soon see a rise of Digital Rupee

The Indian government is planning to introduce a central bank digital currency (CBDC) regulated by the Reserve Bank of India (RBI). Thus, the RBI may soon launch a Digital Rupee in India.

A CBDC uses blockchain technology to record exchange of money, wherein financial transactions are undertaken through a distributed ledger, maintained in decentralized form across different locations and people. However, the same is monitored and regulated by the central bank (RBI, in our case).

Benefits of introducing a Digital Rupee:

- It can curb black money and illicit use of cash in funding terrorism and money laundering
- It can improve financial inclusion through Direct Benefit Transfers directly in the accounts of the intended beneficiaries
- It can improve monetary policy transmission by reducing intermediation of banks
- It can reduce financial transaction costs

The economic developments of the past few years such as note ban and the COVID-19 crisis have led to increased use of digital payments in India.

With a growing number of smartphone users, having a bank account, adoption of a CBDC can be smooth in India, and will bring transparency in the financial system; however, it may undermine the role of banks and call for innovations in banking operations.

Notifications

PIB

New scheme announced for tourist vehicle operators


Railway Parcel Management System undergoes total transformation

More Routes proposed Under UDAN 4.1