

RBI EXPLORES THE POSSIBILITY OF DIGITAL RUPEE

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Such a move will aid the goal of digitization and may also bring some boost to the crypto industry in India, say experts

The Reserve Bank of India ([RBI](#)) Monday said it is exploring whether there is a need to issue a digital version of the rupee in the country.

"Private digital currencies have gained popularity in recent years," the central bank said in a booklet on payment systems in India. "In [India](#), the regulators and governments have been sceptical about these currencies and are apprehensive about the associated risks. Nevertheless, RBI is exploring the possibility as to whether there is a need for a digital version of fiat currency and, in case there is, how to operationalize it," it said.

This shows that the central bank has joined the bandwagon of international governments considering digital currencies, though it is still early days for any such move.

The booklet suggests that a digital version of the rupee is one of the many ways in which RBI is considering to increase the adoption of digital payment systems in India. It also mentions methods to make digital payments offline via mobile phones through "stored value component on cards".

The Central Bank Digital Currencies is a legal tender and a central bank liability in the digital form, the RBI booklet noted. "It is in the form of electronic currency, which can be converted or exchanged at par with similarly denominated cash and traditional central bank deposits," the booklet states.

Rapid innovations in the payments sector have prompted central banks around the world to examine digital routes, RBI noted.

As the adoption of cryptocurrencies have grown worldwide, governments around the world have considered the possibility of issuing their own versions of digital currencies. Crypto enthusiasts often see this as an effort by central banks to retain control over their sovereign currencies.

"If it is completely controlled by the central authority like RBI, I don't see the advantage of blockchain coming there. Cryptocurrencies are about trust established by people because of people. When it comes to RBI, it is trust established because of the central authority," said Sathvik Vishwanath, chief executive officer and co-founder of cryptocurrency exchange Unocoin. Such a move will definitely help the goal of digitization and may also bring some boost to the cryptocurrency industry in India, he said.

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