

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
RAJYA SABHA UNSTARRED QUESTION NO. 369
TO BE ANSWERED ON 06.02.2024

Observation of UN on CBDC

369 Shri K.R. Suresh Reddy:

Will the Minister of FINANCE be pleased to state:

- (a) whether it has come to the notice of Government that the financial agency of the United Nations has observed that offering a Central Bank Digital Currency (CBDC) could be very costly for the Central Banks, and could pose risks to their reputations; and
- (b) if so, the initiatives that are proposed to be taken by Government to understand the pros and cons attached to the digital currency?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a): The International Monetary Fund (IMF) publishes blogs on several issues including on CBDC. In one such blog dated 12th December 2019¹, the authors mentioned that “*offering CBDC could be very costly for the central banks and it could pose risks to their reputations.*” It may, however, be pointed out that the blog also contains a disclaimer saying that the views expressed are those of the authors and do not necessarily represent the views of the IMF and its Executive Board.

(b): CBDC is a liability of a central bank. Reserve Bank of India has authored a concept paper on CBDC that can be accessed at <https://www.rbi.org.in/scripts/SearchResults.aspx?search=Concept%20note%20on%20CBDC>. Further, for practical understanding, RBI is piloting CBDC where different technical and design choices are being tested to understand the pros and cons associated with the digital currency. RBI has been included as an 'observer' in Project Mandala at the Bank for International Settlements' Innovation Hub (BISIH) in Singapore, collaborating with central banks such as the Monetary Authority of Singapore, the Bank Negara Malaysia, the Reserve Bank of Australia, and the Bank of Korea. The participation enables the RBI to gain valuable insights into the multilateral proof of concepts related to CBDCs and the pros and cons associated with different design choices.

¹ <https://www.imf.org/en/Blogs/Articles/2019/12/12/central-bank-digital-currencies-4-questionsand-answers>