

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
LOK SABHA UNSTARRED QUESTION NO. 1341
TO BE ANSWERED ON 06.12.2021

Digital Currency

1341. SHRI RAKESH SINGH:

Will the Minister of FINANCE

be pleased to state:

- (a) whether the Government proposes to start digital currency in the country;
- (b) if so, the details thereof;
- (c) the details of its practicability and utility in banking transactions;
- (d) whether digital currency is completely safe and there is no possibility of its misuse;
- (e) whether the said currency is an alternative for the popular crypto currencies ; and
- (f) if so, the details thereof?

ANSWER

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

(a) & (b): Central Bank Digital Currency (CBDC) is introduced by a Central Bank. Government has received a proposal from Reserve Bank of India (RBI) in October, 2021 for amendment to the Reserve Bank of India Act, 1934 to enhance the scope of the definition of 'bank note' to include currency in digital form. RBI has been examining use cases and working out a phased implementation strategy for introduction of CBDC with little or no disruption.

(c) & (d): Introduction of CBDC has the potential to provide significant benefits, such as reduced dependency on cash, higher seigniorage due to lower transaction costs, reduced settlement risk. Introduction of CBDC would also possibly lead to a more robust, efficient, trusted, regulated and legal tender-based payments option. There are also associated risks which need to be carefully evaluated against the potential benefits.

(e) & (f): As CBDC is backed by the Central Bank of a country, apart from other benefits, it will not have volatility which is normally associated with the private cryptocurrencies.
