



DIGITAL RUPEE



FAQs on Digital Rupee launched by RBI in a phase wise manner for retail segment in cities of Bengaluru, Bhubaneswar, Delhi & Mumbai on 1st Dec, 2022





FAQ





Q

What is a Digital Rupee (e₹)?



A



Digital Rupee (e₹) is a Central Backed Digital Currency (CBDC) which is similar to regular currency notes issued by the RBI but in electronic form





FAQ




Q


What is a Centrally Backed Digital Currency?



A



CBDC is an electronic currency issued by the Central Bank (RBI) just like traditional currency notes and is backed by the faith and credit of RBI





FAQ




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How will e₹ work?



A



e₹ launched by RBI would basically aim at replacing traditional currency notes in your wallets and could be used to make and receive payments via QR codes or through Digital Rupee Wallets held by payer and payee





FAQ




Q


Then how is it different from UPI transactions?



A



UPI transactions involve entries in two bank account statements which are maintained by commercial banks. Since e₹ aims to replace cash in your wallets and is a Central Currency, it would not make an entry in your commercial bank accounts and its records would be maintained by RBI itself centrally.





FAQ





Q

Who would provide me e₹ initially?



A

You can buy digital currencies from selected banks even if u don't have an account with them. Generally, it would be much like cash withdrawal from your bank account where instead of receiving cash, banks would credit your e₹ wallets and you'll be good to transact it like traditional cash.





FAQ





Q

How is it different from Cryptocurrencies?



A

Cryptocurrencies are based on blockchain technology where each transaction is publicly recorded for anyone to see. e₹ though said to be based on blockchain technology, records of any transaction will not be publicly available.



FAQ

Q

Can I invest in e₹?

A

e₹ is not an instrument which would earn you any interest on deposit. It is simply in the form of electronic cash that u can use to transact



FAQ

Q

What is the motive of Government behind e₹

A

1. Printing & handling cost of cash
2. To encourage a cashless economy
3. Smoother & faster flow of transactions
4. Reduce cost of UPI transactions
5. Alternative to cryptocurrency for various reasons



FAQ




Q

What are the advantages for public at large?



A

1. More secured than carrying physical cash
 2. No more worries about soiled currency notes
 3. Smooth and Hassle-free transactions at no charges
 4. Easier to keep track of receipts and payments
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FAQ



Q

What are the challenges?



A

1. Loss of privacy : every transaction gets centrally recorded with the RBI
 2. Lack of internet connectivity in rural areas
 3. Threat of cyber security issues amongst alot of people.
 4. Centralised data maybe used by authorities for other motives
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