

# RBI board discusses crypto, central bank digital currency

Updated: 18 Dec 2021, 06:13 AM IST

- **The board reviewed the current domestic and global economic situation, evolving challenges and remedial measures.**

MUMBAI: Members of the central board of the Reserve Bank of India (RBI) on Friday pitched the proposed central bank digital currency (CBDC) as an effective answer to the pitfalls of private cryptocurrencies, said a person aware of the development

"There is still an opaque area about crypto, as to what exactly it is. Is it a currency or a commodity and what are the underlying assets? The whole thing today is evolving. This was the theme of the discussion among the board members on Friday. The central bank digital currency could be an effective answer to crypto and private exchanges, according to the members," said the person mentioned above.

The 592nd meeting of the central board of directors was held at Lucknow and was chaired by governor Shaktikanta Das. Deputy governors Mahesh Kumar Jain, Michael Debabrata Patra, M. Rajeshwar Rao, T. Rabi Sankar and other directors of the central board, including Satish K. Marathe, S. Gurumurthy, Revathy Iyer, and Sachin Chaturvedi, as well as Debasish Panda, secretary, department of financial services, attended the meeting, the RBI said.

The central bank has been working towards the phased implementation of a CBDC. However, it has on several occasions expressed reservations with private cryptocurrencies. Last month, Das reiterated that cryptocurrencies are cause of serious concern from the point of view of macroeconomic and financial stability.

A CBDC is a sovereign currency in an electronic form and would appear as liability (currency in circulation) on a central bank's balance sheet. A 2021 survey by the Bank for International Settlements found that 86% of central banks were actively researching the potential for CBDCs, 60% were experimenting with the technology, and 14% were deploying pilot projects.

There is no government proposal to recognize bitcoin as a currency, Union finance minister Nirmala Sitharaman told the Lok Sabha, according to a PTI report of 29 November. The government received a proposal from the RBI in October to amend the Reserve Bank of India Act, 1934, and enhance the scope of the definition of "bank note" to include currency in digital form, minister of state for finance Pankaj Chaudhary said in a separate reply.