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MANAGEMENT RELEASE

Digital Rupee Vs UPI

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FINANCIAL REVOLUTION– DIGITAL RUPEE VS UPI

India is walking on a path to go digital in the next few years and many steps have been taken to make India, a digital India and among those, one, is the introduction of UPI. UPI application has emerged as one of the most preferred payment modes in the country in recent times. Indians rely more on UPI than cash money. We use UPI on a daily basis from making small transactions to big ones from buying a cup of coffee from Nescafe to transfer our share to our friend. Also nowadays even the shaadi cards have QR code printed at the back and this has been shown in the ad of UPI itself, so it is clearly visible we Indians rely so much on UPI. Not even a single day we stop using UPI unless there is a zero balance in our bank account and now with the launch of RBI's CBDC central bank digital currency the country wants to take the next steps of digitization. However, RBI launching its CBDC central bank digital currency, digital rupee, it has become a town buzz and digital rupee coming into the picture, people are getting confused between UPI and digital rupee.

Times are changing and so do our needs. From the ancient period to modern times, there have been several changes in financial and economic systems. Today we have turned the tables by moving from the use of stamps, coins and barter system, to the use of ATMs, plastic money, Unified Payment Interfaces (UPI) and now digital rupee. These developments are done to enable universal electronic payments as well as to reduce cash and bring about financial inclusion.



Where UPI has already been established well, Digital rupee is still a new concept paving its way in our country.

UPI when launched in 2016 was unheard and non-trusted term however today from a tea vendor selling Rs 10 cutting Chai to a showroom with a costly product variety, a massive section of our society has adapted to it. And the pandemic further accelerated the momentum to adopt digital payments across the country.

Gobsmacking, today even wedding cards have UPI QR codes printed on them for the easy transfer of cash gifts and the blessings of dear ones.

Further carrying on with this financial revolution, RBI has launched Digital rupee which is regarded as the greatest innovation of all times.

The Central Bank Digital Currency (CBDC) or often referred to as e-rupee can be defined as the legal tender issued by the Reserve Bank of India. It is a digital form of paper money with intrinsic value as an asset on the Reserve Bank's balance sheet. And in line with industry professionals, India's CBDC initiative is extensively consistent with the latest global digitization efforts.

In fact India is one of the few nations that has delivered its very own CBDC.

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And Rather confusing, however this isn't same as UPI , some of the variations among both are discussed below:

1. The most important distinction between e Rupee and UPI is that, e Rupee itself is a currency in virtual shape enabling digital transactions, while UPI is a platform via which transactions show up digitally, stated by Archit Gupta, Founder and CEO, clear.

2. Furthermore, in case of UPI, bank acts as a middleman in each and every transaction since funds are transferred from one bank account to another so there is direct involvement of banks. On the other hand CBDC is a sort of virtual money so while paying at a shop or to a person , the money is transferred out of our wallet to their wallet. The bank does no longer directs payments or act as a middleman.

3. Another point of difference is that UPI being a payment platform allows use of debit card, credit card, internet banking , mobile wallets etc however e- Rupee in this admire is like spending physical money in virtual shape by just using one's mobile phone.

4. Moreover , This digital form of currency is directly operated by way of RBI and does not entail any involvement of private players or handlers as in the case of UPI transactions. Hence payments with digital rupee are very much direct and on the spot.

In nutshell ,Digital currency is expected to benefit customers in the long run however effective functioning as well as acceptance from people would take a long time.

By- Sakshi Khatri

Just like we carry cash in your wallet and pocket and it doesn't earn any interest similarly e-rupee doesn't earn any interest but unlike physical cash which we can withdraw from banks and ATMs, the e-rupee will be credited to your wallet and from there it can be used for digital transactions.

By- Parth Aggarwal

So what is digital rupee? What is UPI? Are these two things same? If yes then what was the need for RBI to launch, CBDC, digital rupee?

Before year 2016 no one would have ever thought that one day we can go out, be it for shopping or for meeting of friends or any other reason and we can pay our bill without even need to carry our wallets, all we need is our smartphone in which there's an application which is connected to our bank account and with the help of that application we can easily pay all our bills and transfer or send money when needed anytime and from anywhere and this was made possible in the year 2016 by NPCI National payment corporation of India.

NPCI developed and launched an interface called UPI unified payment interface on 11 April 2016. It is regulated by RBI Reserve Bank of India and was the first major step taken to make India a cashless economy. It is the most preferred and easiest form of digital payment and only four things are required to transfer or receive money through UPI

- 1) A smartphone
- 2) an active bank account
- 3) a mobile number active and linked to the bank account
- 4) and an internet connection

With the help of this feature, our smartphone becomes our wallet and we can easily transfer money without having to provide IFSC code and account number.

It's been 6 long years since UPI has been launched and around 260 million people use UPI in India and it's clearly visible around us we all do our day to day transaction through UPI, from all the big business owners to small business owners and even all the street vendors have and use UPI on a daily basis to pay and to receive the money.

Now let us discuss about digital rupee

Digital rupee also known as E-INR , E- rupee , is a tokenized digital version of Indian rupee, in short e-rupee is a digital version, I repeat digital version of Indian currency, Indian paper currency.

RBI, Reserve Bank of India issues CBDC, central bank digital currency or e-rupee, as a legal tender, both for retail and for wholesale. It was proposed on January 2017, on December 1 2022, RBI launched the first pilot for retail digital rupee.

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