

UPSC CURRENT AFFAIRS NOTES 06-09-2023

ONE-HOUR TRADE SETTLEMENT

The SEBI (Securities and Exchange Board of India) is planning to launch a One-hour trade settlement system by March next year. It will allow investors to receive their funds and securities within an hour of the trade execution, instead of the current T+1 cycle, which takes a day.



Trade settlement is a financial process that involves the transfer of funds and securities on a specified settlement date. It represents the final step in completing a financial transaction, such as buying or selling securities.

Trade Settlement is a two-way process that encompasses two main actions:

Transfer of Funds: The buyer transfers the agreed-upon amount of money to the seller.

Transfer of Securities: The seller delivers the purchased securities to the buyer.

A trade settlement is considered complete when the securities of a listed company that were purchased are successfully delivered to the buyer, and the seller receives the money for the transaction.

T+1 Settlement Cycle: Currently, the T+1 settlement cycle is in effect, which means that trade-related settlements occur within one day or 24 hours of the actual transactions. This change was implemented in January of this year in India, making it the second country in the world to adopt the T+1 settlement cycle for top-listed securities, following China. The aim was to bring operational efficiency, faster fund remittances, quicker share delivery, and ease for stock market participants.

SEBI's new Plans: The Securities and Exchange Board of India (SEBI) has stated its intention to expedite the settlement process further. They are considering implementing a one-hour trade settlement cycle as a step towards achieving instantaneous settlement.



Benefits of One-Hour Trade Settlement

Faster Liquidity: Investors can access the funds resulting from their sales more rapidly. This quick access to liquidity allows for more agile decision-making, such as reinvesting the proceeds in other assets or withdrawing profits for other purposes. In a one-hour settlement, the funds are available for use within an hour, compared to longer settlement cycles where investors may have to wait longer to access their money.

Reduced Risk: Shorter settlement cycles significantly reduce the risk associated with market fluctuations and counterparty risk. In longer settlement cycles, market conditions can change between the trade execution date and the settlement date, exposing investors to potential price volatility. A one-hour settlement minimizes this exposure by settling transactions quickly after they are executed, reducing the time for market conditions to change.

Increased Efficiency: Quicker settlements enhance the overall efficiency of financial markets. Transactions are processed more swiftly, reducing administrative and operational overhead. This efficiency benefits all participants in the market, including traders, brokers, and clearinghouses, as it streamlines the settlement process and reduces the need for manual interventions.

Enhanced Market Attractiveness: Faster settlement times make the market more attractive to traders and investors. It can encourage greater participation in the market, especially by day traders and short-term investors who seek rapid turnover of their investments. An attractive and efficient market can lead to increased trading volumes, liquidity, and overall market activity.

In the one-hour settlement system, when an investor sells a share, the money will be credited to their account within an hour, and the buyer will receive the shares in their demat account within an hour, compared to the next day settlement in the T+1 cycle.

Ministry of Tourism in collaboration with the United Nations World Tourism Organization (UNWTO), unveiled the G20 Tourism and SDG Dashboard.

Ministry of Tourism, Government of India, in collaboration with the United Nations World Tourism Organization (UNWTO), unveiled the G20 Tourism and SDG Dashboard today.

Minister of Tourism, Culture and DONER, Shri G. Kishan Reddy, launched the dashboard in a virtual ceremony.

Developed under the leadership of India's G20 Presidency and with the expert knowledge partnership of UNWTO, the dashboard is a testament to India's commitment to sustainable tourism. It showcases best practices, case studies, and insights from G20 countries, all modelled for achieving the Sustainable Development Goals (SDGs). This dashboard is a lasting legacy of India's G20 Presidency, reflecting its dedication to global collaboration and sustainable growth in the global tourism industry.

The G20 Tourism and SDG Dashboard serves as a comprehensive online public platform, amalgamating the collective knowledge of the G20 Tourism Working Group. It consolidates the GOA Roadmap, survey results, case studies, and best practices from G20 countries.



The dashboard offers insights into sustainable tourism practices and also provides a platform for knowledge exchange, collaboration, and growth.

The virtual launch witnessed participation from G20 Member countries, invited countries, international organizations, Indian States & Union Territories, and industry stakeholders.

The event commenced with opening remarks by the Additional Secretary (Tourism), Government of India highlighting the importance of the G20 Tourism and SDG Dashboard and mentioned that the dashboard has been developed in line with the vision of Prime Minister, Shri Narendra Modi to make India's Presidency inclusive, ambitious and action-oriented. To create a legacy from India's G20 Presidency, the Ministry of Tourism, Government of India has set up the G20 Tourism and SDGs Dashboard in partnership with United Nations World Tourism Organization (UNWTO).

An address from UNWTO stated that "G20 countries represent over 70% of tourism worldwide. Their leadership in the transformation of the sector is decisive. The G20 Tourism and SDGs Dashboard is a concrete outcome of the G20 Tourism Working Group and a reference tool for all. UNWTO is very happy to have joined hands with the Ministry of Tourism of India to make this possible."

The highlight of the event was the launch of the Dashboard by Minister of Tourism, Culture and DONER, Shri G. Kishan Reddy, accompanied by a launch video. This video encapsulated the efforts and results of the G20 Tourism Working Group and provided a glimpse into the dashboard's features.

Address from the Union Minister of Tourism, Shri. G. Kishan Reddy shed light on the significance of this initiative. The Minister highlighted that 'the G20 Tourism and SDG Dashboard is a testament to our nation's digital strides and serves as a beacon of knowledge for all the public and private stakeholders globally. It offers a wealth of knowledge and showcases best practices, all aimed at steering the tourism industry towards greater sustainability, resilience, and inclusivity.

Minister of State for Tourism and Ports, Shipping, and Waterways of India, Shri Shripad Yesso Naik, during his address, stated that the G20 Tourism and SDG Dashboard is a pivotal step in the journey, that aligns perfectly with our commitment to harnessing the benefits of digitalization for the betterment of the tourism sector and achieving the United Nations Sustainable Development Goals 2030.

Shri Rohan Khaunte, Tourism Minister, Goa, Shri Atul Bagai, Country Head, India - United Nations Environment Programme, Secretary, Tourism, State Govt. of Gujarat and Jammu & Kashmir, and industry stakeholders also offered their insights into the global perspective on this initiative during the event.

In today's rapidly evolving tourism landscape, the G20 Tourism and SDG Dashboard will act as a collaborative knowledge-sharing platform, guiding the global community towards more sustainable, resilient, and inclusive tourism. Its launch marks a significant milestone in the journey towards achieving the SDGs and reflects the collective commitment of the global community under India's G20 Presidency.



Scientists fabricated optically active flexible biodegradable polymer-nanocomposite films

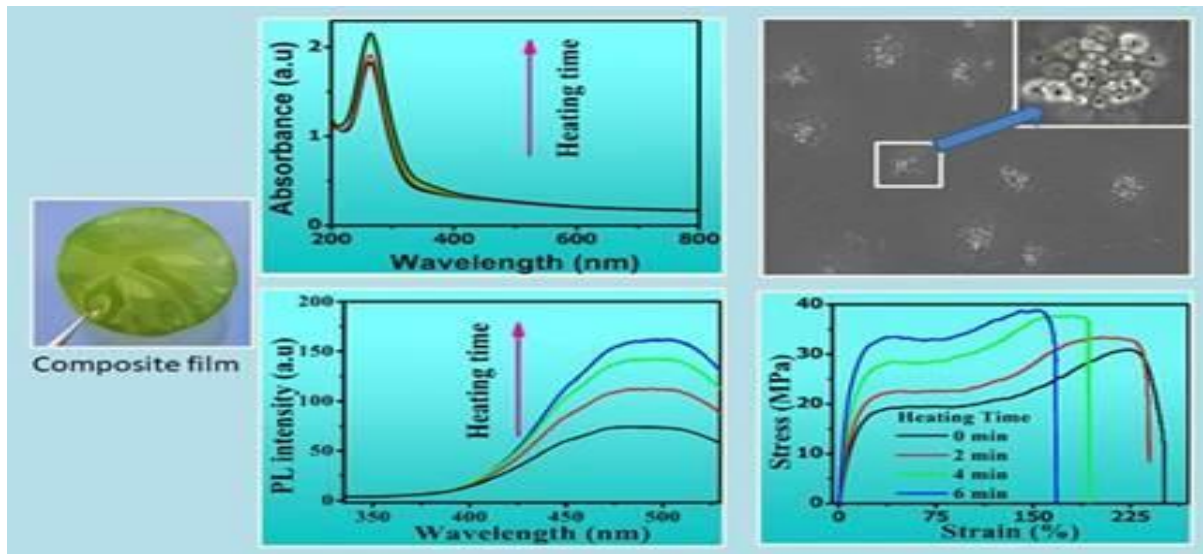
Researchers have fabricated an optically active biodegradable nanocomposite film with excellent mechanical properties that can be used as a stretchable optical devices like flexible display, flexible organic LED, etc.

Polymers have become an indispensable part of our daily life. However, different engineering applications demand highly flexible and optically active polymers. In this regard, numerous methodologies have been adopted to improve the properties of polymeric materials by using suitable nanomaterials. The nanomaterials are known to enhance the properties of the polymers keeping the inherent properties of the polymers intact. Scientists have reported that polyvinyl alcohol (PVA) is one of the most widely studied synthetic biodegradable polymers having good film-forming and excellent mechanical properties. Moreover, its optical and mechanical properties can be tuned by incorporating suitable nanomaterials.

A research group from physical sciences division of the Institute of Advanced Study in Science and Technology (IASST), Guwahati, an autonomous institute of North-East India under the Department of Science and Technology (DST), fabricated a biodegradable PVA-CuO nanocomposite film using a facile solution casting technique, where Cu salt used as a precursor for the in-situ CuO nanoparticles formation under different heat treatment.

This research group is led by Dr. Sarathi Kundu, Associate Professor, along with Mr. Saiyad Akhirul Ali, working as a Junior Research Fellow (JRF). Their tests have proved superior optical, mechanical, and antimicrobial properties of the nanocomposite films under different heat treatments. The formation of the CuO nanoparticles inside the polymer matrix under heat treatment is confirmed by different spectroscopic and microscopic techniques. The evaluation of mechanical properties validated the formation of a highly flexible and robust nanocomposite film with tensile strength as high as 39 MPa and flexibility of 169% with copper chloride loading.

The PVA-CuO nanocomposite film fabricated by the simple solution casting technique followed by the heat treatment method recently published in the journal of Colloids and Surfaces A: Physicochemical and Engineering Aspects, can be used as a stretchable optical device.



Jal Jeevan Mission Achieves Milestone of 13 Crore Rural Households Tap Connections

JJM Increases Rural Tap Connection Coverage From 3 Crore To 13 Crore In Just 4 Years

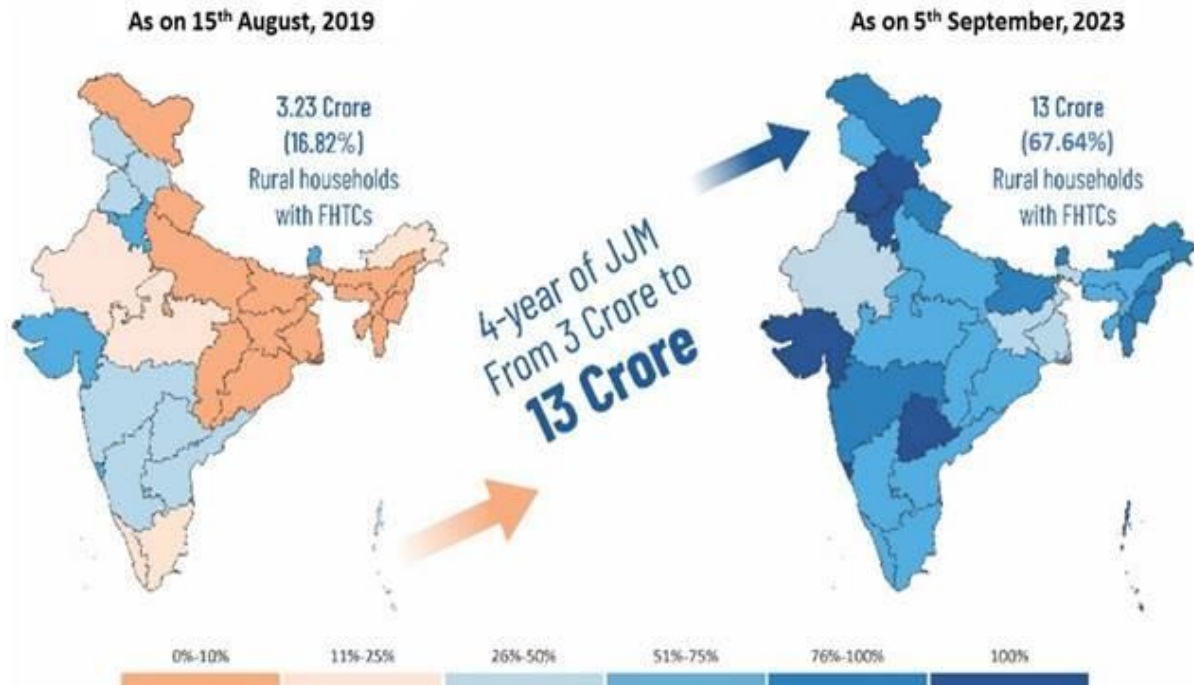
On Average, 87,500 Tap Connections Provided Every Day Since 1st January, 2023

Uttar Pradesh Tops Progress Chart By Installing Over 61 Lakh Functional Household Tap Connection Since January, 2023

The Jal Jeevan Mission (JJM) today achieved another milestone of providing tap water connections to 13 Crore rural households. Working with ‘speed and scale’, the life changing mission has increased the rural tap connection coverage from only 3.23 Crore households at the start of the Mission in August, 2019 to 13 crore in just 4 years. Jal Jeevan Mission was announced by the Prime Minister, Shri Narendra Modi from the ramparts of the Red Fort on 15th August, 2019 as the country celebrated its 73rd Independence Day. As on date, 6 States namely Goa, Telangana, Haryana, Gujarat, Punjab and Himachal Pradesh) and 3 UTs - Puducherry, D&D and D&NH and A&N Islands, have reported 100% coverage. Bihar at 96.39%, followed by Mizoram at 92.12%, are also poised to achieve saturation in the near future. Goa, Haryana, Punjab, A&N Islands, Puducherry, D&NH and D&D are ‘Har Ghar Jal certified States/ UTs i.e., in these states/ UTs, the villagers have confirmed through Gram Sabhas that ‘all households and public institutions’ in the village are getting adequate, safe and regular supply of water. As many as 145 districts and 1,86,818 villages in the country have reported 100% coverage.

The Mission implements the programme in partnership with States/ UTs and it is the combined efforts of all including development partners that transformational change is seen on ground. Every second, one tap water connection is getting installed thereby changing the rural landscape of the country. Since 1st January 2023, on an average 87,500 tap connections are

provided every day. Uttar Pradesh has topped the progress chart in the current FY by installing 61.05 lakh Functional Household Tap Connection (FHTC) since January 2023.



The relentless efforts of the Union and State governments have also resulted in ensuring the provision of tap water supply in 9.15 lakh (88.73%) schools and 9.52 lakh (84.69%) anganwadi centres in the country. In the 112 aspirational districts of our country, at the time of the launch of the Mission, only 21.41 lakh (7.86%) households had access to tap water which has now increased to 1.81 Crore (66.48%).

Work under ‘Har Ghar Jal’ is resulting in significant socio-economic benefits for the rural population. Regular tap water supply relieves people, especially women and young girls, from century old drudgery of carrying heavy bucket loads of water to meet their daily household needs. The time saved can be used for income generation activities, learning new skills and supporting children’s education.

In order to achieve long-term sustainability of the schemes, community participation from the very beginning has been at the heart of planning, implementation, operations and maintenance (O&M) of rural piped water supply schemes. More than 5.27 lakh Village Water & Sanitation Committees (VWSC)/ Pani Samitis have been constituted in the country and 5.12 lakh Village Action Plans (VAPs) have been prepared including the plans for drinking water source augmentation, greywater treatment and its reuse, and regular O&M of in-village water supply systems.

At the time of launch of Jal Jeevan Mission, 22,016 habitations (Arsenic – 14,020, Fluoride-7,996), having 1.79 Crore population (Arsenic-1.19 crore, Fluoride-0.59 crore), were affected with Arsenic/ Fluoride contamination in drinking water sources. As reported by States/ UTs, now safe drinking water is available in all the Arsenic/ Fluoride-affected habitations.



Jal Jeevan Mission believes in not just providing water but ensuring that quality water is supplied every time. In this regard regular testing of water sample from source and delivery points are collected and checked. Recognizing the work carried out by the Department, this year Silver Award was bestowed by Department of Personnel & Training upon the WQMIS under the category “Application of emerging technologies for promoting citizen centric services”.

Working on the motto of Sabka Saath, Sabka Vikas, Sabka Vishwas aur Sabka Prayas, Jal Jeevan Mission is marching towards achieving the SDG 6, i.e., safe and affordable water to all, through provision of safe water through taps to all households, schools, anganwadis and other public institutions, in rural areas.

Finance Minister calls for global cooperation and collaboration to build an inclusive, resilient and sustainable financial eco-system

Union Finance and Corporate Affairs Minister Nirmala Sitharaman said technology is a powerful tool for building an inclusive, resilient and sustainable financial eco-system and called for global cooperation and collaboration, which she said, is absolutely critical for a responsible financial eco-system. The Union Minister was delivering the inaugural address at the three-day Global Fintech Fest, 2023 (GFF 2023), which started at Mumbai today. The Union Minister further urged that responsible globalization is the issue on which we will also have to contribute. In this connection, the Union Finance Minister also said that threats to global financial ecosystem, like physical border threats, cyber threats, crypto threats, drug menace, tax havens and round-tripping of resources and tax evasions need to be deliberated upon.

Speaking about India’s G-20 Presidency, Finance Minister Nirmala Sitharaman said that, India’s G-20 Presidency has called for a framework for handling issues relating to crypto-assets. IMF and FSB have given their synthesis paper. India’s Presidency has also discussed and sought for global cooperation in matters of reforms in multilateral development banks, global debts distress, tax evasion and two pillar tax solution amongst other issues. Finance Minister stated that enhancing cross-border payments has been a priority of the G20 since 2020. One of the priority focus areas under the Indian G20 presidency is “Information sharing on national experiences and international initiatives on interoperability of national fast payment systems for seamless flow of funds”. This is expected to enhance crossborder payments, stated the Finance Minister.



Finance Minister Nirmala Sitharaman stated the following to highlight India's achievement in making its financial ecosystem inclusive:

- In a span of 4 years, the number of Demat accounts has increased by 2.5 times, from 4.1 crore in 2019-20 to 10 crore in 2022-23.
- A record number of Mutual Funds SIPs are being registered, which helps to generate long-term wealth, with the monthly flow in the mutual fund industry through the route reaching an all-time high of Rs 15,245 crore in July 2023.
- The Assets Under Management (AUM) of the Indian mutual fund industry have increased tremendously in the last decade. It grew more than four-fold from Rs 10 lakh crore in May 2014 to a significant Rs 46.37 lakh crore (July 2023).
- Top 30 cities of India are usually expected to be ahead in formal savings. However, in the last four years, the share of Cities beyond Top-30 cities in total mutual fund assets has grown from 15% to 26%.
- Instruments like SIPs are only democratizing this wealth-creation opportunity. Just like UPI (Unified Payments Interface), democratized payments and now ONDC (Open Network for Digital Commerce) is poised to do for e-commerce.
- Fin-techs are driving more inclusion and creating their niche. Today in lending, fintech have 36% share of new-to-credit customers vs 22% share in banks. In Payments, Fintech have 93% share of UPI transaction value vs 7% share in banks.
- In WealthTechs, Fintech broking have 80% share of active broking clients vs 20% active in traditional broking.



- ITR data released in August signals “Formalisation of the Indian Economy”. There is now wider access to benefits like credit facilities, and social security (pension, insurance, etc). Each Tax bracket (Tax Slab) has seen a minimum Threefold increase in tax filings, some even achieving a nearly Four-fold surge.
- While Maharashtra continues to be the leader, other states are moving up with respect to ITR filings. In places like North-East, Chhattisgarh, even Jammu & Kashmir, the new ITR filings have grown by double digits. This augurs well for the Fintech Industry.
- As per a SBI Research, Per capita income is expected to increase by 7.5 times from Rs 2 lakh in FY 2023 to Rs 14.9 lakh in FY 2047 (in USD terms, the corresponding increase comes to ~\$12,400 in FY47 from ~\$2500 in FY23).
- Our workforce is expected to increase by 19.5 crore to 72.5 crore in FY 2047 from 53 crore in FY 2022-23.
- Workforce share in population will increase from 37.9% in FY 2023 to 45% in FY 2047.
- Taxable Workforce /Workforce eligible to pay taxes to rise to 85.3%, from the current 22.4%. There would be approximately 48.2 crore IT filers in FY 2047 from approximately 7 crore in FY 2022-23. (seven times more).

Union Finance Minister Nirmala Sitharaman made the following points which are integral to building an inclusive, resilient and sustainable financial eco-system:

- Innovation should be at the forefront, with fintech firms pushing the boundaries of technology. We should strive to bring sustainability from “Concept to Action” and from “Ideation to Execution”, as we take responsibility for our future. Indian Startups have the ability to drive real innovation in Sustainability and ensure that it does not remain a mere buzzword.
- Demonstrating resilience amidst ongoing macroeconomic uncertainties, we must remain adaptable and strive to cultivate innovate solutions that cater to evolving demands.
- The aim should be to establish a financial system that can withstand future uncertainties and, more important, swiftly rebound by transforming challenges into opportunities.
- Security remains a top concern, which also enhances resilience of the ecosystem. With greater digitization comes increased cybersecurity threats. FinTech companies will need to invest heavily in robust security measures utilizing advanced encryption and other measures to protect user data and financial transactions.
- Global collaboration is essential for the flourishing of the FinTech sector. In an interconnected world, financial technology transcends borders, making cross-border partnerships crucial.
- Moreover, collaborative ventures open up access to vast and diverse customer bases, accelerating market penetration. \$20 Trillion is estimated to be annual Cross-Border payments globally, incurring \$120 Billion in transaction costs (BCG Study). India is the largest remittance receiver, with around \$100 billion worth of remittances in 2022.

- The Payments Vision 2025 of RBI envisages active support for the global outreach initiatives to expand the footprint of domestic payment systems by collaborating with relevant stakeholders. Interlinkage between India's UPI and Singapore's PayNow was operationalised by Hon'ble Prime Ministers of both countries in February 2023. UPI and RuPay's card acceptance at selected merchant locations are also live in UAE, Nepal, and Bhutan. Similar interlinkages are being explored with other jurisdictions as well.
- Given the size of the markets, the Indian Fintech industry should take the lead in the Cross-border payments ecosystem, given our rich & successful experience in Digital Payments.

The Union Finance Minister Nirmala Sitharaman also released a report titled 'The Second Wave: Resilient, Inclusive, Exponential Fintechs' and inaugurated a fintech exhibition at the venue. Kris Gopalakrishnan, Chair GFF 2023, and Naveen Surya, Chairman, Fintech Convergence Council, were also present amongst the dignitaries in the inaugural session. The theme of GFF 2023, jointly organized by National Payments Corporation of India (NPCI), Payments Council of India (PCI) and FinTech Convergence Council (FCC), is 'Global Collaboration for a Responsible Financial Ecosystem'.

Shri Dharmendra Pradhan launches the Malaviya Mission - Teachers Training Programme by University Grants Commission



Capacity building of 15 lakh teachers of HEIs to be ensured across 111 Malaviya Mission centres across India - Shri Dharmendra Pradhan

Human Resource Development Centres to be revamped and known as Madan Mohan Malaviya Teachers Training Centres - Shri Dharmendra Pradhan

Union Minister for Education and Skill Development & Entrepreneurship Shri Dharmendra Pradhan launched the Malaviya Mission - Teachers Training Programme by the University Grants Commission at Kaushal Bhawan, New Delhi. He also inaugurated the Portal of the



Programme and released its information brochure. Organised by the University Grants Commission, in association with the Ministry of Education, the Malaviya Mission - Teacher Training Programme aims to provide tailored training programmes for teachers. This programme will work for the capacity building of faculty members in higher educational institutions.

Secretary, Higher Education, Ministry for Education, Shri K. Sanjay Murthy; Chairman of UGC Prof. Mamidala Jagadesh Kumar; Vice Chairman, UGC, Prof. Deepak Kumar Srivastava; Secretary, UGC, Prof. Manish Joshi; officials of the Ministry of Education and UGC, and Vice Chancellors of several universities also graced the event. Educators and dignitaries from the entire nation joined through virtual mode.

While launching the training programme for teachers, Shri Dharmendra Pradhan emphasised improving the quality of education at all levels by infusing quality and excellence in teachers and teaching methods. He also announced the renaming of Human Resource Development Centres (HRDCs) as Madan Mohan Malaviya Teachers' Training Centre. He mentioned that this programme will ensure continuous professional development and help in building capacities of 15 lakh teachers of HEIs through 111 Malaviya Mission centres across India in a time-bound manner.

He stated that the Programme is an endeavour to make our educators future-ready with a deeper understanding of Indian values. It aims to improve the quality of teachers' training, build leadership skills in teachers and help realise the goals of NEP, he added.

Shri Pradhan also informed that capacity building under the Malaviya Mission will be mapped to the credit framework to ensure career progression pathways for educators. He said that societal transformation can only be led through the development of education and teachers are the catalysts of the change. Dwelling on the various themes of the training programmes, Shri Pradhan said that the theme-wise training sessions will help enthuse "Samagrata" in the participants. He also mentioned that the Indian Knowledge System has been included in the modules of the Programme.

Emphasising the importance of lifelong learning, Shri Dharmendra Pradhan reiterated the need for teachers to be lifelong learners which will directly contribute to the holistic development of their students.

Shri K. Sanjay Murthy mentioned the three main themes that were discussed during India's G20 Presidency: deployment of technology in the use of education, achieving sustainable development goals and women-led development, are also to be incorporated in the Teachers Training Programmes. He commended UGC for planning the programmes thoughtfully that will help in empowering the educators of the country.

The Chairman of the University Grants Commission, Prof. M. Jagadesh Kumar emphasised on the role teachers play in the holistic development of the learners. He expressed that the teachers' training programme shall help develop innovative teaching methods and high-level institutional facilities in all the constituent areas of higher education.

The two-week online programme shall focus on various themes identified for course curriculum/content for capacity building of faculty members at higher educational institutions. The 8 themes include Holistic and Multidisciplinary Education, Indian Knowledge Systems (IKS), Academic Leadership, Governance and Management, Higher Education and Society,

Research and Development, Skill Development, Student Diversity and Inclusive Education and Information and Communication Technology. To facilitate this transformative journey, the UGC has also established a dedicated portal for faculty members to register for the capacity-building programmes.

Tharosaurus indicus

In a paper published recently, scientists from IIT Roorkee have characterised dinosaur fossils from the Middle Jurassic period found in the Thar desert near the Jaisalmer Basin by the Geological Survey of India



About Tharosaurus indicus:

- It belongs to the family Dicraeosauridae and from the superfamily Diplodocoidea.
- These fossils are the first dicraeosaurid sauropods to have been found in India.
- It is 167 million years old and the oldest known diplodocoid fossils in the world.
- The scientists named the dinosaur Tharosaurus indicus, with Tharo deriving from the Thar desert, saurus from the Greek 'sauros', or lizard, and indicus from its Indian origin.
- This family was unique: its members were smaller and had shorter necks and tails compared to the other long-necked sauropods.
- Sauropods first appeared on the earth during the Jurassic period, about 200 million years ago.
- They were one of the most dominant clades of dinosaurs, surviving until the late Cretaceous period 65 million years ago when the dinosaurs went extinct.
- According to the scientists, fossils of dicraeosaurid dinosaurs have been found previously in North and South Americas, Africa and China, but such fossils were not known from India.

UPI QR Code-Central Bank Digital Currency interoperability

Banks are enabling the interoperability of Unified Payments Interface's (UPI) Quick Response (QR) code with their central bank digital currency (CBDC) or e₹ application.



Interoperability is the technical compatibility that enables a payment system to be used in conjunction with other payment systems.

It allows system providers and participants in different systems to undertake, clear and settle payment transactions across systems without participating in multiple systems.

With this, users of retail digital rupee will be able to make transactions by scanning any UPI QR at a merchant outlet.

Merchants can also accept digital rupee payments through their existing UPI QR codes.

This integration of UPI and CBDC is part of the Reserve Bank of India's (RBI) ongoing pilot project on pushing the retail digital rupee (e₹-R).

What's in today's article?

Central Bank Digital Currency (CBDC)

News Summary

What is Central Bank Digital Currency (CBDC)?

About

CBDC is the legal tender issued by a central bank in a digital form.



The digital rupee (e-Rupee) is the digital currency launched by Reserve Bank of India.

It is the same as a fiat currency and is exchangeable one-to-one with the fiat currency, only its form is different.

Launch of Digital Rupee

RBI has demarcated the digital rupee into two broad categories: general purpose (retail) and wholesale.

This demarcation is based on the usage and the functions performed by the digital rupee and considering the different levels of accessibility.

From November 1, 2022, RBI launched its first pilot project to use digital rupee in the wholesale market for secondary trade in government securities (G-secs).

Wholesale CBDC has the potential to transform the settlement systems for financial transactions undertaken by banks in the government securities (G-Sec) segment, inter-bank market and capital market more efficient and secure in terms of operational costs, use of collateral and liquidity management.

From December 1, 2022, retail digital rupee (e-R) pilot was launched.

In effect, the retail e-rupee is an electronic version of cash, and will be primarily meant for retail transactions.

It is available for use by all — the private sector, non-financial consumers and businesses.

It will be distributed through intermediaries, i.e., banks.

It will not earn any interest and can be converted to other forms of money, like deposits with banks.

News Summary: UPI QR Code-Central Bank Digital Currency interoperability

UPI QR code-CBDC interoperability

Interoperability of UPI with the digital rupee means all UPI QR codes are compatible with CBDC apps.

Initially, when the pilot for the retail digital rupee was launched, the e₹-R users had to scan a specific QR code to undertake transactions.

However, with the interoperability of the two, payments can be made using a single QR code.

The e₹ is held in a digital wallet, which is linked to a customer's existing savings bank account.

UPI is directly linked to a customer's account.

Benefit customers and merchants

The interoperability of UPI and CBDC will ensure seamless transactions between a customer and merchant without having the need to switch between multiple digital platforms.

It will allow a digital rupee user to make payments for their daily needs, such as groceries and medicines, by scanning any UPI QR codes at any merchant outlet.



Even merchants are not required to keep a separate QR code to accept the digital rupee payments. They can accept CBDC payments on their existing QR code.

If the merchant has a CBDC account, the payment will be settled in the CBDC wallet.

If a merchant does not have a CBDC account, then there will be an option to make payment using UPI.

How will interoperability help in increasing CBDC adoption?

Currently, UPI is a widely used payment method, and the interoperability between it and the CBDC will propel the adoption of the digital rupee.

At present, more than 70 mobile apps and over 50 million merchants accept UPI payments.

In July, RBI Deputy Governor said there were 1.3 million customers and 0.3 million merchants using the retail digital rupee.

The daily per-day e₹-R transactions in July were around 5,000-10,000.

The seamless integration of CBDC with UPI will enhance the acceptance and utilization of digital currencies in everyday transactions.