**Information Technology Bulletin – June 2021**

This section of updates will provide you updates on the following.

1. New regulatory compliances on Information Technology and Information Technology audit during the month.
2. Feature updates during the month on commonly used tools for audit such as Microsoft office, outlook, IDEA, Tally, ACL, Power BI, Tableau
3. Crisp summary of status of key technology related issues.

For this month newsletter we are seeing the Current status on RBI’s Digital currency.

**RBI’s Digital currency – Central Bank Digital currency (CBDC)**

Following Bitcoin, there have been various start-ups dealing with cryptocurrency in India. However, the volatility in private cryptocurrency prices and the instances of frauds have brought to the fore regulatory concerns over the risks of cryptocurrencies. Both the Government of India and the Reserve Bank have indicated that they have not authorised or issued regulation for any entity to deal with cryptocurrencies and, hence, public have no legal protection in dealing with cryptocurrencies and would bear all the risks associated with it. In fact, the Reserve Bank has issued several press releases (Dec 24, 2013, Feb 01, 2017, Dec 05, 2017) warning against dealing in cryptocurrencies.

The Reserve Bank of India (RBI) on January 25 released booklet on Booklet on Payment Systems covering the journey of Payment and Settlement Systems in India during the second decade of the millennium, viz., from the beginning of 2010 till the end of 2020. This booklet included reference to RBI’s views on **Central Bank Digital Currencies (CBDC).**

*“ CBDC is a legal tender and a central bank liability in digital form denominated in a sovereign currency and appearing on the central bank's balance sheet. It is in the form of electronic currency which can be converted or exchanged at par with similarly denominated cash and traditional central bank deposits. Innovations are changing the payments space rapidly. This has made central banks around the world to examine whether they could leverage on technology and issue fiat money in digital form.”*

It is important to note that CBDC is a digital currency and its price or value for usage within the country will not fluctuate like crypto currency. The concept and design of a CBDC is being investigated by many central banks for few years now. Although different central banks are working on different concepts of CBDC depending on their country-specific requirements and utilisation, these will eventually converge at some point of time. Pilot runs are conducted on adoption of CBDC in various sectors of economy by China, Sweden and few other countries. RBI is exploring the possibility as to whether there is a need for a digital version of fiat currency in India and in case there is, then how to operationalise it.

On 29 January 2021, Circular number 2022 of Lok Sabha bulletin, in the ‘E’ new bills section under Legislative business, the Indian government proposed a new bill **“The Cryptocurrency and Regulation of Official Digital Currency Bill, 2021”**

The objective of the Bill was to create a facilitative framework *for creation of the official digital currency* to be issued by the Reserve Bank of India. The Bill also seeks *to prohibit all private cryptocurrencies* in India, however, it allows for certain exceptions to promote the underlying technology of cryptocurrency and its uses.

The bill appears to be based on a recommendation given by SC Garg Committee formed by the Centre. The Committee had recommended banning cryptocurrencies and allow an official digital currency. The Government formed an Inter-Ministerial Committee to manage this bill, however this bill is delayed was not passed during this budget session.