

The Rise of the Digital Rupee: Challenges and Prospects for India's Monetary Landscape

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Abstract: *The advent of Central Bank Digital Currency (CBDC) marks a transformative shift in the global monetary system, with India embarking on this digital journey through the introduction of the Digital Rupee. This paper explores the multifaceted dimensions of CBDC implementation in the Indian context, analysing both the opportunities it presents and the challenges it entails. The Digital Rupee holds the potential to enhance financial inclusion, improve transaction efficiency, reduce dependency on cash, and strengthen the monetary policy transmission mechanism. However, it also raises critical concerns regarding cybersecurity, privacy, regulatory oversight, technological infrastructure, and its potential impact on the traditional banking system. Drawing on global case studies and the Reserve Bank of India's pilot initiatives, this study evaluates India's preparedness for a CBDC-driven future and identifies key policy considerations for a secure and inclusive digital currency ecosystem. The findings aim to contribute to a deeper understanding of how India can strategically navigate the transition to a digital monetary landscape while safeguarding economic stability and public trust.*

Keywords: Currency; AI; Digital Rupee; Reserve Bank of India (RBI); Central Bank Digital Currency (CBDC); Financial Inclusion; Monetary Policy Transmission

