

2. QR-code Based Coin Vending Machine (QCVM)

Why in News?

- RBI (Reserve Bank of India) is about to launch a pilot project to assess the functioning of a QR-code Based Coin Vending Machine (QCVM).

Highlights

- QCVM is a cashless coin dispensation machine which would dispense coins against a debit to the customer's bank account using UPI (Unified Payment Interface).
- Customers would be endowed the option of withdrawing coins in required quantities and denominations.
- It will ease the accessibility to coins.
- Unlike a cash-based traditional Coin Vending Machine, the QCVM would eliminate the need for physical tendering of banknotes and their authentication.
- The pilot is initially planned to be rolled out at 19 locations in 12 cities across the country. With particular focus on ease and accessibility, the machines are intended to be installed at public places such as railway stations, shopping malls and marketplaces.
- There were problems with the earlier machines wherein some fake currencies used to be fed to fetch coins.
- The supply of coins is very high, but it is not getting properly distributed and at the same time there is demand in pockets.
- As per the latest RBI bulletin, the total value of circulation of rupee coins stood at Rs 28,857 crore as of December 30, 2022, an increase of 7.2% from the year-ago period.
- For perspective, coins in India are issued in denominations of 50 paise, one rupee, two rupees, five rupees, ten rupees and twenty rupees.
- Coins of up to 50 paise are called small coins while those of one rupee and above are called rupee coins.
- So, by making coins available in places where there is demand, supply can be absorbed.
- Currently, to obtain coins a person needs to visit a bank branch and offer currency notes in exchange for coins.
- But in the case of QCVM, coins can be withdrawn using a UPI QR code and the amount will be debited from the bank account of the person who withdraws.