

QR Code-based Coin Vending Machines [QCVM]

The RBI announced that it would start a pilot project to launch **QR code-based coin vending machines or QCVM** in 12 cities. What are QR Code-based Coin Vending Machines? What would be their functions, benefits and associated concerns? Read on to know more about this topic, relevant for the [UPSC exam](#) economy segment.

QCVM Functions

The purpose of a QCVM is to **dispense coins** in a similar manner to an ATM.

- In the present scenario in order 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- But in the case of QCVM, coins can be withdrawn using a **UPI QR code** and the amount will be debited from the bank account of the person who withdraws.
- Vending machines will be installed in **busy areas and public places** such as markets, railway stations, and malls to ensure accessibility.
- The use of UPI QR codes also helps to **bypass the feeding of fake currency** to exchange coins.

What is the current mode of coin distribution?

- Coins are distributed at the Reserve Bank of India's regional offices.
- At present, to withdraw coins individuals have to visit bank branches.
- But, if someone wants ₹5 coins for ₹3,000, they will have to visit their bank branch and tender the currency note in exchange for coins.
- QCVM will simplify this process.

Need for QCVM

- The QCVM will offer ready access to coins for consumers and is expected to boost the **payment industry**.
- **Cash-based** sales are still an important component of the retail market and the move is expected to benefit petty shops and vendors.
- QCVM will also aid in improving the availability of cash until the last mile and it will boost liquidity in areas where demand for cash is high.
- For the consumer, it **saves time visiting bank branches** and exchanging coins.
- Coins of denomination ₹1 – ₹20 are widely used and they will be made available through QCVM.
- Consumers will have the option of withdrawing the amount in **required denominations** in QCVMs.
- The project will be further expanded based on inputs from the pilot project in 12 cities.

- The move is also expected to **boost the transition** from cash to digital payment by supplementing merchant acceptance points.

QR Code-based Coin Vending Machines Challenges

- The project of introducing **QR code-based coin vending machines or QCVM might be counterproductive** to the government's efforts to promote digital payments through [UPI](#).
- There are also additional **costs involved** in terms of minting coins and distribution of QCVM.
- Banks also incur costs as they need to replenish the QCVM in a similar manner to an ATM.
- QCVM also affects the objective of **retail [e-Rupee](#) which aims** to replace and reduce physical currency and the cost involved in printing and minting it.

