



Indian Rupee Digital

Whitepaper

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Indian Rupee Digital (INR(D))

1. Introduction Blockchains, or distributed ledgers, have quickly gained adoption as one of the most promising technologies to emerge in the last ten years. They bring the potential to maintain public, yet secure, ledgers of all sorts of data ranging from supply chains to voting records. Many governments and Fortune 500 companies have started dedicated blockchain divisions to begin leveraging the technology; including Microsoft, Amazon, the EU, and others. One of the most exciting applications of this new technology is its ability to act as an alternative payment rail. Similar to SWIFT, but available globally, more secure, and much faster at settling transactions. Indian Rupee Digital (INR(D)) emerged as an early leader in the space in January 2022. INR(D) is tied directly to the value of the INR. INR(D) is fully backed 1-to-1 with INR held in escrow accounts for the benefit of INR(D) token holders, it can be transferred to people anywhere in the world for RS.0.01, and can be redeemed for the underlying fiat INR after completing a KYC/AML check. The industry is still in the earliest days of discovering the value that stablecoins can unlock and we are always seeking partners in this process of discovery.

2. What is a Stablecoin?

A lot of the vocabulary for this industry is still being developed and it is possible that in a few years, 'stablecoin' will no longer be what how the industry describes assets like TUSD, but for 'stablecoin' has become common lexicon. In its simplest form, a 'stablecoin' is a digital asset, on a blockchain, that is designed to maintain a consistent value, typically by linkage to the value of another asset. Presently, there are 4 ways to design a stablecoin: (1) Algorithmic (derives value from a separate token specific to the stablecoin) (2) Commodity Collateralized (derives value from a commodity, e.g., Gold) (3) Cryptocurrency Collateralized (derives value from other cryptocurrencies, e.g., ETH, BTC) (4) Fiat Collateralized (derives value from a fiat currency, e.g., USD, INR).

3. INR(D)s is built on Binance Smart Chain & fall under the 4th category, fiat collateralized. This discussion will only focus on this type of stablecoin, but there are plenty of other resources available to learn about the other types.

Vision for Stablecoins

Stablecoins are a foundational pillar for the blockchain-based financial system. A stablecoin, when properly implemented, can serve as a medium of exchange for a new ecosystem of financial contracts, applications, and businesses. The industry is still in the earliest days of discovering the value that stablecoins can unlock. Much like how someone in the 90s would have failed to have imagined internet applications like Google and Facebook, people now cannot purport to be able to envision all future applications of stablecoins.

Presently, a few use cases have emerged for stablecoins:

1. Moving Money
2. A Trusted Store of Value

3. A Trusted Store of Value

In addition to the use cases that have emerged, there are other use cases for stablecoins that will likely be bigger than what exists today. Some use cases to be most excited about include:

1. Remittances - As INR(D) continues to tokenize additional Indian Rupees this will enable the fast and inexpensive ability to remit money around the world. At present, the costs associated with sending money from one country to another can be prohibitively high with fees eating up to 10% of the transferred asset's value. Stablecoins eliminate many of the fees charged by middlemen and allow for more assets to arrive back in the local countries. This is a net positive for governments as it allows for funds to be transferred back into local economies and not taken by foreign money remitters.

2. B2B and International Trade - The market for companies sending money between each other, and hedging between the currencies of their home market and markets they are doing business in, is well over \$1T. It is antiquated that in 2019, companies still need to pay high fees to intermediaries to simply send funds between companies. Large companies (e.g. Apple) get bank-grade rates for transfers, but small-and-medium-sized businesses face high fees and friction. 3. Blockchain-based FX markets - Advanced traders may find additional use cases for FX Marketplaces composed of tokenized currencies, e.g., INR(D)/ TrueUSD. Stablecoins are a foundational pillar for the blockchain-based financial system.

A stablecoin, when properly implemented, can serve as a medium of exchange for a new ecosystem of financial contracts, applications, and businesses. But until recently, cryptocurrency markets have been hurt by a lack of trustworthy fiat-backed stablecoins. While there has been a surge of new stablecoin projects, there has not yet been an industry-wide dialogue about what it will take for a fiat-backed stablecoin to be trusted as an integral part of the industry's infrastructure. In the future, regulators may establish clearer policies for digitized currencies. In the meantime, fiat-backed stablecoin projects can take the initiative and hold ourselves to a high standard of ethics. While specific approaches may vary, there are at least a few lessons from the past that stablecoins should not repeat. In short, the core pillars of this code of ethics include:

1. Fully Backed - Every token will have the equivalent fiat value stored in the bank to back it.
2. Stable - The market should recognize the inherent value of the stablecoin as being equal to the price of the underlying currency.
3. Redeemable - We will never prevent or discourage legitimate redemptions from verified customers.
4. Compliant - We will ensure the long-term survival of the stablecoin through regulatory compliance



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