



INDIAN PROSPECTS ON CRYPTO-CURRENCY

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INTRODUCTION:

The "Cryptocurrency and Official Digital Currency Bill Regulations, 2021(Cryptocurrency Bill 2021)" bill, which the Union Government has debated, would outlaw private cryptocurrencies. If this measure is put into effect, all private cryptocurrencies, including Bitcoin, will be prohibited in India.

Under the bill, the Indian government discussed the emergence of cryptocurrency. India will benefit greatly if it develops a comprehensive blockchain. For instance, transactions are safer. There has been no further movement in the value of the coin because India owns it. India upholds the law on cryptocurrencies. Explicit legal restrictions on the misuse of cryptocurrency mechanisms may be part of this. Cryptocurrencies use the blockchain to implement them, therefore their verification processes are similarly open. However, India also

must deal with some difficulties with cryptocurrencies, such as recognising fraudulent transactions. Other cryptocurrencies, like Bitcoin, nevertheless treat this information as confidential. Currently, there are more trades being made using cryptocurrency. With a better legal framework and regulations, cryptocurrencies can benefit India greatly thanks to their rising popularity in the country. Here are a few examples of use: For Indian business owners, cryptocurrencies provide an alternate business environment.

New technologies that can generate new jobs by charging clients are permitted to be developed by Indian engineers. You'll discover strategies. The transaction can be done at a reasonable price because the brokerage fee is modest.

A DIGITAL RUPEE: THE RBI'S SOLUTION TO ALTERNATIVE FINANCING:

Various restrictions of present legislation are used to govern cryptocurrencies. "This is a collection of instructions that can be expressed in other ways, such as computer-readable media like words, codes, schemas, or computers, and which carry out specified tasks or produce certain outcomes. Additionally, according to the Sale of Goods Act of 1930, cryptocurrencies can very definitely be categorised as intangible goods. Revenue from bitcoin sales, foreign exchange tax, and service tax relevance (if cryptocurrency mining is regarded as a service).¹

Through the 2022 Bill, the meaning of the virtual asset has been subjected to governmental consideration for all cryptocurrencies and NFTs in the 2022 fiscal budget statement. The ability to categorize or declassify any cryptocurrency and/or NFT from the production online of this description has been kept by the government. This saving clause was undoubtedly added to prevent the Reserve Bank of India's Digital Rupee or Central Based Digital Currency (CBDC)

(PricewaterhouseCoopers.2021), which is the anticipated modern digital form of exchange to be introduced under the 2022 Bill, from becoming a subject of taxation or regulation."

Technical differences exist between central bank digital currencies and cryptocurrencies. Other than having official support, a proposed CBDC differs fundamentally from a non-public cryptographic currency. The CBDC will be supported by permissioned blockchain technology as opposed to permissioned blockchain technology, which is typically used by various other cryptographic forms of currency like Bitcoin or Ethereum. The open source blockchain invention is permissionless therefore anyone can mine Bitcoin.

However, only the central government and other government-approved institutions are capable of mining blockchains, manage their quantity, and restrict who can access them thanks to blockchain technology and, more specifically, CBDCs. CBDC. In fact, intermediate blockchains include an access control mechanism in the blockchain's hubs to prevent hub creation or addition by unapproved clients. The public entity of the sophisticated rupee of India is unable to enter in this condition, but it has been

¹ Sale of Goods Act, 1930.

demonstrated that this science is incredibly helpful for banks, state-run organisations, and foundations using blockchain technology. In any event, it is possible that digital forms of payment won't be referred to as instalment structures for as long as they are not regarded as a system for allocating payments between payers and recipients and recognising the regular fluctuations in the value of digital currencies.²

The use and exchange of digital forms of money, however, protects data and sensitive personal information. Each and every one of the digital currencies necessitates the use of cryptographic payment methods in order to adhere to the requirements anticipated under the guarantee of data. Protection issues, such as knowing how to handle it, may arise. Indian law compliance regulations, in particular the Information Technology Act of 2000.

WHY A COMPLETE BAN IS NOT PRACTICALLY FEASIBLE:

Along with other aspects, the Cryptocurrency and Regulation of Official Digital Currency Bill, 2021

² Sakız, B. and Gencer, A.H. (2022) "Digital currencies, cryptocurrencies and Central Bank Digital Currencies," International Conference on Eurasian Economies 2022 [Preprint]. Available at: <https://doi.org/10.36880/c14.02621>.

("draught Bill") is a bill that aims to ban all secret cryptographic means of payment in India. However, it is important to understand that decentralisation is at the core of the cryptographic money ecosystem.

Due to the absence of any unified element or authority operating the environment, the business cannot be restrained or controlled from the top down. Usage, storage, swaps, and other activities that appear to have been sought after in the draught Bill are routinely managed or forbidden. The majority of the time, the government favours restricting cryptocurrency due to four factors: the unpredictability of price changes, the risk to consumers posed by cyber attacks and Ponzi schemes, the impact on energy usage (a study found that approximately 19 families in the USA are frequently fuelled for the future by the energy used for one Bitcoin exchange), and finally its potential use in crime, such as for disguising oneself, psychological subjugation, etc.

This might include clear legal restrictions on the misuse of bitcoin technologies. Cryptocurrencies' verification processes are transparent since they are implemented via the blockchain. The identification of

unlawful transactions, for instance, is one of the difficulties India also faces in relation to cryptocurrencies. In these other cryptocurrencies like Bitcoin, this information is still confidential. The quantity of transactions made using bitcoins is growing right now. With a more favourable legal framework and regulations, cryptocurrencies might help India greatly given their rising popularity there.

These are a few usage cases: For Indian entrepreneurs, cryptocurrencies provide a different type of business climate. It is permitted for Indian technologists to build new technologies that can generate income from paying clients. You can find strategies. The transaction can be made relatively cheaply because of the low brokerage cost.

VALIDATION OF CRYPTOCURRENCY IN INDIA: POSSIBLE PERSPECTIVES:

Decentralized blockchains underpins cryptocurrencies, and there are currently many them in use. Cryptocurrencies are frequently created, mined, and issued with assistance from others. For the sake of discussion let us contemplate what the world would look like if all such crypto assets were to be legalised. This would include all cryptocurrencies, tokens,

digital tokens, and non-fungible tokens are referred to as ("NFT"). Potentially thousands of new crypto offers will be ready for trade in the marketplace if such a situation materialises unexpectedly. To put it another way, anyone today could mine bitcoin.

The author believes that the clamour for legalising, regulating, and recognising cryptocurrencies won't likely hold up. El Salvador was the first nation to accept Bitcoin as legal money in 2021. In this case, it may be claimed that the government has an innovative enough legislative framework to keep in mind some important currency like Bitcoin, Ethereum, and Dogecoin. "The legal recognition of the chosen currency is also likely due to a number of quantifiable criteria, including unpredictability, transaction capability, market capitalization, and creator recognition. Legislators made this suggestion in light of the fact that key social media platforms (YouTube, Twitter, and Facebook) have already been evaluated and used in the 2021 Mediation Guidelines, earning them the title of Important Social Media Mediators. You have the authority to advocate for it in your rulebook. Recognizing some significant coins may not be ideal, though, as the problem

here is not the acknowledgment attribute but rather the crypto ecosystem's underlying technological know-how." The present tax framework and its application show the Union Government's stance on cryptocurrencies to be one of caution. The Annual Budget Bill for 2022 ("2022 Bill") thus proposed changes to the Income Tax Act of 1961 (IT Act), among other things, including taxing income from virtual and digital assets (such as cryptocurrencies and NFTs) at the 30% rate (Bill No. 18 of 2022)."³

CONCLUSION:

While we do not know for certain what the future holds, we are now armed with the needed information to understand what either side of the metaphorical coin of probabilities would look like. With the passage of time, Information Communication Technology should be advanced so that society can grow more and more. The negative aspects of cryptocurrency should be addressed so the said currency could flourish.

³ Jhudele, P. (2022) "*Cryptocurrency and the budget 2022-23 - Fin Tech - India, Cryptocurrency And The Budget 2022-23 - Fin Tech - India*. Ikgai Law. Available at: <https://www.mondaq.com/india/fin-tech/1160464/cryptocurrency-and-the-budget-2022-23>" (Accessed: January 15, 2023).