



LEGALITY AND SCOPE OF CRYPTOCURRENCY IN INDIA

By Parul¹

ABSTRACT

Cryptocurrency, one of the most used decentralized currency these days. The present era is full of advancement with the emergence of Fintech. To whatever extent the country had upgraded in terms of financial services it is all because of Fintech (a blend of technology and Finance).²

One such advancement is development of Virtual Currency. Cryptocurrency, is a new way of payment which has emerged in recent time. The use and functioning of Cryptocurrency is far more different than from our traditional mode of payment. Cryptocurrency is not regulated by any government or financial institution. Purpose of the paper is to evaluate the model of virtual currency and hence, in a nutshell it can be said that Cryptocurrency can't be a virtual currency. This research paper also analyzes the impact of currency on consumers, central bank, monetary policies etc. And at last, paper would deal with the research question that whether Cryptocurrency be the next currency in India or not. The present piece of work deals with an analysis of situation of Cryptocurrency in India. After taking into consideration the advantages, disadvantages, report by Government, the work will proceed with the analysis of whether India should proceed in favor of Cryptocurrency or not with a detailed reasoning. While analyzing with the reasons provided, different parameters are been followed to reach to a suitable conclusion.

Keywords: Cryptocurrency, crime, criminals, illegal, money laundering

INTRODUCTION

Cryptocurrency is one of the most debated and controversial topics, as of today, in India. Though, the concept of virtual mode of transactions, be it in financial or daily routine activities is not hidden these days. Therefore, it can be said that Cryptocurrency has got its existence due to the development of technology. Further, the word "Virtual Currency" is too broad, and cryptocurrency is just a small part of it. Virtual Currency is the genus and Cryptocurrency is

¹ Law Student, Banasthali Vidyapith University, Rajasthan.

² Julia Kagan, "Financial Technology- Fintech", Investopedia, available at: <https://www.investopedia.com/terms/f/fintech.asp> (last visited on 24 June 2021).



the specie. Virtual Currency has been defined by the RBI in Box 3.4 of the report which they has submitted. It says that “*Virtual Currency as a type of unregulated digital money, issued and controlled by its developers and used and accepted by the members of a specific virtual community*”. Virtual Currency has been defined in FATF report as “*Virtual Currency as a digital representation of value that can be traded digitally and functioning as a medium of exchange, a unit of account and a store of value but not having a legal tender status*”.

Virtual Currency differs from Fiat currency in terms of legal tender. A fiat or a real currency is one which is paper and coin based and hence used by a large number of people and which is designated by the Government for its people as legal tender.

The term Cryptocurrency has no universal definition though different attempts have been made to define it.

According to Merriam Webster “*Cryptocurrency is that form of currency which exists only in digital form and it is not backed by any regulating authority*”.³

Cambridge dictionary defines Cryptocurrency as “*Any currency in digital form which is not made by the government, but in fact, produced by a public network, which make use of cryptography to make payments*”.⁴

The Financial Action Task Force (FATF) report titled “*Virtual Currencies- Key Definitions and Potential AML/CFT Risks*” defines Cryptocurrency as “*a math-based, decentralized convertible virtual currency protected by cryptography by relying on public and private keys to transfer value from one person to another and signed cryptographically each time it is transferred*”.⁵

The main contention taken by government of those countries who are against Cryptocurrency is that, they still have not acquired the status of legal tender. Legal tender has been defined under section 26 of RBI Act as “*Every bank note shall be legal tender at any place in India in payment or on account for the amount expressed therein and shall be guaranteed by Central Government*”. And point should be noted here that till now no country has accepted to treat Virtual currency as legal tender.

³<https://www.merriam-webster.com/dictionary/cryptocurrency>

⁴<https://dictionary.cambridge.org/dictionary/english/cryptocurrency>

⁵FATF, “*Virtual Currencies- Key Definitions and Potential AML/CFT Risks*”.



➤ ADVANTAGES OF CRYPTOCURRENCY

There is no denying the fact that there are some strengths of using Cryptocurrency. But these strengths do not function in long run and leads to nowhere. Some advantages are that it is easy to use, no role of any mediator, fast payments and it can be easily accessible by all. Though Virtual Currencies are hassle free to attract innocent people in their trap. It is often said that it is only a Consumer who should think i.e. consumer be aware. It is his duty to examine everything which he is going to buy.

No person can compromise with his security. And this is where Cryptocurrency attack the most. People are always concerned about their protection rather than of any benefit which the service offer.

➤ UNDERSTANDING GOVERNMENT FRAMEWORK

Current Scenario:

In the present time, India does not have any Law or provision which specifically deal with Cryptocurrency. Although Government is coming with a bill to ban Cryptocurrency in India. Bu with this also, Government is also launching its own Digital currency.

Government opinion regarding Cryptocurrency:

Government points out that Cryptocurrency is not a legal tender.

Before understanding this one must understand Fiat money. Fiat money is that money whose value come from “legal tender”. Basically if understand this, it means it do not have any intrinsic value of its own, and hence people accept fiat money because Government says it has value.⁶

Power of Reserve Bank of India:

Power of RBI reserved under Section 18 of the Payment and Regulation Act clearly depict that it has the power to lay down policy related to regulation of payment system including but not

⁶ “Functions of Money”, *The Economic Lowdown Podcast Series*, available at <<https://www.stlouisfed.org/education/economic-lowdown-podcast-series/episode-9-functions-of-money>> (last visited on 1 July 2021)



limited to electronic, non-electronic and international payment. RBI may issue such direction relating to payment system⁷.

➤ THE INDIAN APPROACH

Why Cryptocurrency is not being legalized?

The Indian Government response towards Cryptocurrency is indifferent from rest of the world. There is a saying that “When in Rome, do as the Romans do”. But Indian Government views in this regard are opposite.

Can Cryptocurrency be considered as a currency in strict sense?

To classify any new currency as a currency, first it needs to fulfil the requisites of being called a currency.

As supply and demand of virtual currency keep on fluctuating, that is the reason of their Volatility. That is why it is said that Cryptocurrency is Volatile as prices keep on changing. Sometimes they are up, sometimes very down. And according to economic theory it is viewed that “one characteristics of money is that it should not be volatile”.⁸ Keeping in consideration, Cryptocurrency can’t be termed as currency.

Cryptocurrency is being used as money but point to be noted herein is that it do not follow the basic requisites for being called money.

Meaning hereby that they do not follow the essential characteristics of money which are:

- i. Medium of exchange
- ii. Store of value

Store of value means that the thing can be stored and it retains its value till the time it is stored.

- iii. Unit of account

In “Report of the Committee to propose specific actions to be taken in relation to Virtual Currencies” it has been stated that since “*These Cryptocurrencies are backed by trust and consensus-based algorithms, processing transactions is time consuming due to validation procedure and network latency, due to this large gap in transaction processing speed between*

⁷ The Payment and Settlement Systems Act, 2007, Act No.51 of 2007, Section 18 (2007)

⁸ Alchian, 1977; Smithin, 2002; Ammous, 2018.



cryptocurrencies and other payment methods, this hinders cryptocurrency ability to be used as a medium of exchange”. It was further stated that “Large fluctuations in price preclude cryptocurrencies from being a suitable store of value. Extremely high volatility exhibited by cryptocurrencies relative to traditional fiat currencies suggest that cryptocurrency markets are mainly driven by speculation and the volatility of Cryptocurrency to fiat exchange rates is large relative to even risky equities and these features are not in consonance with essential characteristics of money”.

Various data depicts that Cryptocurrency are most susceptible to frauds and scams.⁹

Under Foreign Exchange Management Act, 1999 (FEMA) “*currency is defined as to include currency notes, postal notes, cheques, letter of credit etc*”.

Hence it was observed that Cryptocurrency generally contain information in the form of codes.

Cryptocurrency: as a new Currency platform

There is no denying the fact that with the latest judgment pronounced by the Supreme Court, it is settled that RBI do not have power to ban Cryptocurrency.

Even prior to judgment, it was evident that Cryptocurrency had establish itself within the Indian market. As India is a fast-growing economy, can certainly presume how speedily Cryptocurrency can expand within India. Since there are numerous reliable data which establish that in India, use of Cryptocurrency is increasing its pace with each passing day. And if can interpret this situation, the conclusion which follows is that people have trust while using Cryptocurrency.

It is no gainsaying in the fact that we are moving towards cashless economy. It is evident as most of us use Online platform, Credit card, debit card to do any financial transaction. It further proves that how much we have got ourself into using these Virtual Currency

Taxation of Cryptocurrency:

⁹Khristopher J. Brooks, “Cryptocurrency scams have soared 1,000% since October” *CBS News*, June 17, 2021, 5:04 PM.



Vide article 248 (1) of the Constitution of India, Parliament have been granted power to impose taxes. It is stated in the article that Parliament has the exclusive power to make law imposing tax.¹⁰ But this power is given to Parliament by examining all situations.

➤ CRITICAL ANALYSIS OF STRENGTHS AND WEAKNESSES

Critical Analysis on use of Cryptocurrency:

Everything has 2 aspects, pros and cons. There has been a great debate on Cryptocurrency. Some countries are in favor of adopting it whereas some are not. Countries like Japan and Russia has moved forward to legalize Cryptocurrency. But despite of all this digital revolution going on, India is yet to accept Cryptocurrency.

The recent framework and debates going on establish the fact that Government want to make law to manage the use of Cryptocurrency.

The use of Cryptocurrency apart from providing some limited benefits has numerous issues which are connected with it. To begin with, it is asserted that the use of Cryptocurrency is not good taking into account the security framework. As till now, there is no such regulation properly made by the Legislature to deal with Cryptocurrency, many hackers take benefit of this situation. Further it is stated herein that use of Cryptocurrency will have a deep impact on the real money. As with the advent of Cryptocurrency, people will shift from real money to virtual currency. And this would ultimately fluctuate the Indian Financial market.¹¹ To be specific, the use of Cryptocurrency is not favorable taking into consideration the scenario of India. As there is no such law in India which regulate use of Cryptocurrency, many hackers and big businessman are establishing black market of Cryptocurrency.

➤ WEAKNESS

Virtual Currency: A tool used by Terrorists and Criminals:

¹⁰Art. 248 (1), Constitution of India, 1950.

¹¹Shailak Jani, "The Growth of Cryptocurrency in India: Its Challenges and Potential Impacts on Legislation" Research Gate, https://www.researchgate.net/profile/Shailak-Jani/publication/324770908_The_Growth_of_Cryptocurrency_in_India_Its_Challenges_Potential_Impacts_on_Legislation/links/5ae1720a458515c60f660076/The-Growth-of-Cryptocurrency-in-India-Its-Challenges-Potential-Impacts-on-Legislation.pdf.



Virtual Currency have definitely attracted 2 class of masses. They are Terrorists and criminals. These people have chosen Cryptocurrency or say Virtual Currency due to numerous advantages which these currencies offer.

- 1) The first reason why these groups of people have chose Cryptocurrency is because of the high degree of anonymity provided by these currencies. These criminals are attracted towards the anonymity factor. And with the help of anonymity, the identity of the user and the transaction which they had done remains confidential.
- 2) And this confidential transaction which they had made ultimately help in them to proceed with it in a quick manner from one country to another.
- 3) Further the possible reason which can assume is that in their criminal underground world, they trust trustworthiness of these virtual currency.¹²

Another reason why terrorist organization and terrorist groups are interested in Cryptocurrency is to avoid interference by the Government or any third party. This is because of the fact that Cryptocurrency is a self-regulated market.

Illegal trading of Cryptocurrency in India:

Even though the use of virtual currencies and to be specific, Cryptocurrency is not been authorized by any Central bank, people are still dealing with Cryptocurrency in India. India is becoming a hub for Cryptocurrency in the next coming days.

➤ LEGAL ASPECT AND LEGAL ISSUES CONCERNED

As with the passing time, the concept of Cryptocurrency is too gaining its popularity. Government is coming with a Bill titled “Cryptocurrency and Regulation of Official Digital Currency Bill, 202” to ban use of Cryptocurrency. Therefore, in a nutshell it can be said that at present moment, legal framework related to Cryptocurrency is unregulated.

Legal issues concerned with use of Cryptocurrency:

i. Hacking and Operational Risks:

The use of Virtual Currencies is more prone to hacking and operational risks by unauthorized people. People involved in Illegal activities are much attracted towards Cryptocurrency.

¹² “Virtual Currency Abuse in the Future: Criminals vs. Terrorists”, JSTOR https://www.jstor.org/stable/pdf/resrep06423.7.pdf?ab_segments=0%252FSYC-5917%252Fcontrol&refreqid=excelsior%3Ad8d44a7aea07c81a39d0de3a710adc7f.

**ii. No recourse available to Customer:**

No recourse is available to Customer in terms of dispute. This problem arises as there is no Central agency till now which would regulate everything related to Cryptocurrency. That is why Customers have no resort left if any dispute arose related to Cryptocurrency. There is no such mechanism of dispute resolution in case of Cryptocurrency.

iii. Anonymous is dangerous:

People are attracted towards Cryptocurrency mainly because of this very reason, that in this no identification of person is available. That is why, there exists lot of risk in dealing with Cryptocurrency.

iv. Use of Cryptocurrency in Illegal activities:

Cryptocurrency is used for illegal activities and it is being used by illegal person such as terrorists for terrorist financing.

v. Virtual Currency do not fulfil the criteria of Currency:

To be named as a currency, there are certain requisites. But virtual Currency (or Cryptocurrency) do not fulfil such requisites. These requisites are store of value, medium of exchange and unit of account.

Emphasis is laid on 3 requisites to be called as money:

- **Store of value**
- **Means of payment**
- **Unit of account**

However, it should be noted herein that Cryptocurrency which we are designating as a 'currency' do not fulfil the requisite to be called as a currency. Further, Virtual currency do not exist in a physical form.

The word currency is defined under the Foreign Exchange Management Act, 1999 as "currency includes all currency notes, postal notes, postal orders, money order, cheques, draft, bills of exchange, and promissory notes, or other similar instruments as may be notified by the Reserve Bank. Therefore, considering this definition, it can be stated that "Cryptocurrency" or all forms of Virtual currency, for say Bitcoin and others are out of the purview of FEMA act and they can't be considered as Currency.¹³

Hence, applying the doctrine of "Expressio unius, exclusion alterius" of Interpretation of Statutes, which says that express mention of one thing excludes others. Thus, when the Act

¹³Rahul Kumar, "Legal Perspective of Crypto as a Currency in India", Tax Guru, available at: <https://taxguru.in/finance/legal-perspective-crypto-currency-india.html>, (last visited on 27 June 2021).



itself has mentioned few things which would be considered as currency, then we should not include Cryptocurrency within its ambit. Therefore, we can't include Cryptocurrency within the ambit of Virtual currency.

vi. Use of Virtual Currency would erode currency stability:

If virtual currency is allowed, then it would erode the current monetary stability of Indian currency.

vii. Cryptocurrency: an opportunity for terrorists to do legal activities:

Some organizations and terrorists see Cryptocurrency as an opportunity to fulfil their illegal activities motives of doing illegal activities, for example, money laundering and terrorism.

viii. Cryptocurrency: a trap of Investment:

Many people are investing in Cryptocurrency because of the trap in which they have made themselves fall. Its all because of the nascent stage of Cryptocurrency.

ix. Since, there is no authority to regulate this whole scenario of Cryptocurrency. There exists lot of criminal activities including illegal activities. And since, then there would arise the problem of payment of tax on time.

x. No regulatory framework to solve Criminal disputes in such regulation.

xi. Money was invented with a view to collect tax and that depict one's liability. But if we will adopt cryptocurrency no one would pay tax.

xii. Government is not against countries progress. Government just wants to adopt that currency which will be safe for its people. Government has said that they will come up with their own currency which will be safe.

xiii. Cryptocurrency supply is fixed. And after a certain period, we will looking for different source of Money.

xiv. Cryptocurrency is now in its nascent stage and hence, it should not be trusted so much now. But how it is related to liquidity

xv. Since, there is no regulation with which Cryptocurrency would be regulated. Criminals are taking advantage of this situation. They are seeking different ways to launder money. As Cryptocurrency has no jurisdictional limit, it offers huge attention to these people.

xvi. As till now there is only Private Cryptocurrencies. There is no concept of public cryptocurrency now. And private cryptocurrency is a tool used to evade tax.

Everyone want to invest in that thing which is stable. No one want to invest in that thing which would loose its value within one overnight.



“There is a well-known saying that anyone in the world can create money but the only problem that lies is in its wide acceptance by public”. And that is why role of Government comes here. Few months ago a statement has come that “Bitcoin is close to 500 times more costly than using traditional currency in low inflation environment.”

SCAMS OF CRYPTOCURRENCY:

One of the biggest scams have been occurred in case of GainBitcoin. And just imagine about the situation in which Private key of the virtual currency is lost then one would loss all the amount which was in his Crypto wallet. And the main issue in this transaction is that it is irreversible, one wrong click, and amount is gone. And there is no redressal forum who would deal with these transactions.

Regulation issue:

One of the most important factor which affects currency is its regulation. Since, there is no regulation, no software with which one could easily know about the tax one has to pay. Tracking process is very difficult in cryptocurrency.

International view:

Even the Chinese government has decided to ban Cryptocurrency. Reasons primarily are its volatile nature, and its use in matters of money laundering and illegal activities.¹⁴

Apart from it, Iran has also temporarily banned Cryptocurrency.¹⁵ “The country believes that by prohibiting Crypto mining, it will be able to avoid blackouts in large cities, which would affect people lives and companies”.¹⁶

North Macedonia is also of the same view that “Crypto transactions are linked to illicit activities. A lot of danger is involved in these platforms as transactions are not regulated.”¹⁷

¹⁴Mitchell Clark, “What we know about China’s Cryptocurrency crackdown” *available at*: <https://www.theverge.com/2021/6/23/22544367/china-crypto-crackdown-bitcoin-mining-sichuan-ban-hydro-cryptocurrency-trading> (last visited on 28 June 2021).

¹⁵Ibid

¹⁶Monomita Chakraborty, “Cryptocurrencies are banned and considered illegal in these countries”, *Analytics Insight*, *available at*: <https://www.analyticsinsight.net/cryptocurrencies-are-banned-and-considered-illegal-in-these-countries/> (last visited on 28 June 2021).

¹⁷Ibid



Even Microsoft CEO Bill Gates is of the view that only rich persons should invest in Cryptocurrency.

Even the Bank of England is also of the same view. They had also banned Cryptocurrency only on the account of Volatility and easily hacking. It was stated that “The rise of digital currencies could lead to flood of withdrawals from banks, ultimately putting the financial stability of the country in a huge risk”.¹⁸

Even President of US also stated that Bitcoin seems to be like a scam.

“Bitcoin is not only extremely expensive in terms of its mining costs but also inefficient in long run design”.

Potential impact on Monetary policy:

There is no doubt that, cryptocurrency if brought and adopted would have impact on monetary policy

- “If digital currency is adopted then it will trigger implementation of negative interest rate”
- “And if cryptocurrency is adopted it will phase out paper currency due to which there will be trigger in tax evasion as well”

A project titled “pilot project” was done in Uruguay and Sweden. They were also against blockchain. The reason primarily being that it was not stable enough for infrastructure of their country.

Is Cryptocurrency an Institutional class asset?

To answer this research question, we have some statements of famous people:

View of Michal Novogratz:

Michal Novogratz is the Co-founder of Galazy digital holdings. He is of the view that “Mere fact that critical mass of credible investors and institution is now engaging with Crypto assets has cemented their position as an official asset class”. citation

View of Nouriel Roubini:

¹⁸Richard Partington, “Digital currencies pose threat to economy, warns Bank of England” available at: <https://www.theguardian.com/business/2021/jun/07/digital-currencies-pose-threat-to-economy-warns-bank-of-england> (last visited on 28 June 2021).



Nouriel Roubini is of the view that “He entirely disagrees with idea that something with no income, utility or relationship with economic fundamentals can be considered as a store of value or an asset”. He further adds that “Calling them currency would be a misnomer. He point out four quality which any currency must have. These qualities are Unit of account, Means of payment, Stable store of value, Act as a single numeraire. He further point out a main difference. He says that Bitcoin network can only compete with 7 transactions per second whereas a Visa network can conduct 65,000. And he also stated that Bitcoins are not assets as Assets have some cash flow or utility that can be used to determine their fundamental value”. Therefore, just because only some people are investing in Cryptocurrency, they are too in doubt too as it can drop by 15% overnight.

WAY AHEAD

Further, vide section 22 of the RBI Act, Bank have the right to issue currency notes, but only on the recommendation of the Reserve bank of India. That is why it is often said that a central bank has huge power. In India, as well the Central bank which is the Reserve bank of India has huge power to issue currency as per his choice. The only thing which RBI can't do is issuing of small coins.¹⁹

Why India shouldn't allow Cryptocurrency?

Indian government works for the welfare of the People, by the people and for the people. Moreover, State has a legal duty to protect the citizens of India.

Indian government don't want its people to get in trap of ease by loosing their security. In India, we are already facing enough Illegal crimes, that Indian Government is now doing and trying to control each illegal activity.

Often, criminals look for those mode through which they can hide their identity. And Virtual currency fulfils their this very basic demand. Virtual currency offers anonymity that is why it attracts people dealing with illegal activities.

➤ INTRODUCTION OF CURRENCIES: A SOVEREIGN FUNCTION:

Report by CPMI:

¹⁹ Sec 22, Reserve Bank of India Act, 1934



CPMI is an acronym for a committee which is called “Committee on Payments and Market Infrastructure”. Vide their report also, 2 risks came to appear related to Virtual Currencies. These risks are, First, being Consumer Protection and Second, being Operational risks. citation

Report by Inter-Disciplinary Committee:

Vide this report by Inter-Disciplinary Committee dated 25.07.2017, it was recommended to people that- They should not deal into Virtual Currency (or Cryptocurrency) as Indian Government does not consider them as a valid means of exchange. Therefore, Government requested its people to not invest in Virtual currency as it is not a desirable way to store value. citation

Press release by RBI:

Vide this press release dated 5.12.2017, Government of India issued a statement mentioning that people should not invest in Virtual currencies as they are not recognized as Legal tender.

Annual Report by RBI 2017-2018:

In its report, RBI has said that Cryptocurrency depends on technology and technique of cryptography. In this, the technology, which is used is known as blockchain.

RBI in this report has said that Cryptocurrency is not backed by any authority, meaning thereby that there would be no regulation to regulate this type of transactions. Hence its value keep on changing and it is only based on people trust and confidence in it. And this nature makes it highly volatile, which if we in simple words explain means it is not a reliable currency.

Report by CPMI of BIS:

In this report it was stated that “A widespread substitution of bank notes with digital currencies could lead to a decline in central banks non-interest paying liabilities and that if the adoption and use of digital currencies were to increase significantly, the demand for existing monetary aggregates and conduct of monetary policy could be affected”.

Financial Stability Report of RBI:

This report mainly dealt with the challenges posed by virtual currency. It states that “*though the initial concerns over the emergence of virtual currency schemes were about the underlying design, episodes of excessive volatility in their value and their anonymous nature which goes against the global money laundering rules rendered their very existence questionable*”.



Internal Revenue Service Notice 2014-2021 of US:

Vide notice of IRS, it was made clear that Cryptocurrency will not be treated as a currency.²⁰

➤ GOVERNMENT EFFORTS

Efforts by Indian Government:

Indian Government had expressed their opinion against the use of Cryptocurrency in India from time to time. In the year 2018, a speech was made by India's Finance Minister who expressed his opinion that Indian Government will do every possible effort to make the use of Virtual Currency avoid by people of their country.

In fact, Government has identified the risks associated with such payments that is why, government is now trying to mitigate the risks.

The Crypto Token and Crypto Asset (Banning, Control and Regulation) Bill, 2018: The 1st Effort:

The bill states that cryptocurrency shall not be used in India for these following mentioned activities, which are,

- i. Cryptocurrency shall not used as a medium of exchange
- ii. It shall not be used as a store value
- iii. It shall not be used as a unit of account

And after this 2018 bill, another "Banning of Cryptocurrency and Regulation of Official Digital Currency Act, 2019" was passed which came with the only motive to put a complete ban on Cryptocurrencies. And apart from this, this will also deal in holding, selling, issuing or using of Cryptocurrencies.

Future of cryptocurrency in India after the Government come up with Cryptocurrency and Regulation of Official Digital Currency Bill, 2021?

The idea of Banning Cryptocurrency and to bring this Cryptocurrency and Regulation of Official Digital Currency Bill, 2021 is the idea of IMC. IMC is the inter-ministerial committee

²⁰IRS Virtual Currency Guidance, 2014 I.R.B., < <https://www.irs.gov/pub/irs-drop/n-14-21.pdf> >.



which was made especially to evaluate the condition of Cryptocurrency in India. The committee has come up with its report and a suggestion to ban Cryptocurrency.

Another suggestion has been made by the Committee that India should come up with its own digital currency.

And If this Cryptocurrency and Regulation of Official Digital Currency Bill, 2021 come into operation then it would have a deep impact on India's economy. This bill will have a great impact on the existing investors who had invested. Lot of loss would be accrued on these investors then.

➤ **SUGGESTIONS**

The main challenge before us is to regulate the market of Cryptocurrency. If no such new law is framed within next few months, Indian courts will then get flooded with lawsuits related to Cryptocurrency. Therefore, the main concern is the lack of legal framework to regulate Cryptocurrency in India. The need is to develop a well-regulated framework considering the fluctuations and no centralized authority issue. There is no denying the fact that cryptocurrency do not fulfil main function of money. Despite the fact that it is being favored by some people now for technological advancement reason, they are not enough to be accepted as a currency.

Author is of the view that instead of using Private Cryptocurrencies, which acts as a tool for tax evasion, India should come forward with Public Crypto. Hence, it would be much convenient as it would be backed by Government, and ultimately they will fulfil the functions of money without compromising with development of nation. Only by bringing Public Cryptocurrency, we can control criminal activities related to Cryptocurrency.

➤ **CONCLUSION**

Everything looks attractive at first glance if it saves our time, energy in this modern era. Cryptocurrency has put itself fit in that picture. As Cryptocurrency is a far better way for payment purposes, people are trusting it more.

The only issue that has arose is that there is no regulation to deal with Cryptocurrency so far. Now, there is a great need to understand that we need a proper legal framework to regulate any



transactions related to Cryptocurrency. Through this paper and study author aims to present a comprehensive picture of operation of Cryptocurrency in India, its current regime and what needs to be done for amendment and improvement. And its high time that, Supreme Court should come forward to redress this issue, with sufficient regulations. A reconsideration is suggested by Author, Government needs to rethink of their opinion about Cryptocurrency.