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Cryptocurrency in India

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This article examines the past, present, and future of cryptocurrency with special reference to its situation in India. The study talks about the basics and the structure of blockchain as well as the viewpoint of two branches of the Indian government (Legislative and Judiciary). We have collected the data from pre-existing articles, various news agencies as well as web publishing and circulars of the ministries of India. The idea of the research is to give deep insight into the trending topic of cryptocurrency and its legality in a simple and easy to understand manner. The major findings of the research are that even though the world is looking at crypto as a valid source of investing, the Indian government is still a bit skeptical of this new concept. Rather than considering it as an opportunity and making clear cut regulations to promote it, the Indian government is trying to stop its citizen from investing in it and taking a conservative approach by discouraging it.

Keywords: *cryptocurrency, blockchain, wazirX.*

INTRODUCTION

A cryptographic currency is a mode of payment that can be traded online for goods and services. Numerous organizations have their own form of currency in which the customer is asked to pay and is often known as tokens. They can be exchanged explicitly for the goods and services provided by the institution itself. Cryptocurrencies operate using a technology known as the

blockchain. Blockchain is a decentralized technology spread across numerous electronic devices that oversee and record exchanges.

HISTORY OF CRYPTOCURRENCY

In 1983, the first electronic money also known as e-cash was invented by an American cryptographer named David Chaum. It was followed by Digicash in 1995 and the National Security Agency in 1996. Finally, in 2009 the first decentralized currency known as bitcoin was created followed by Namecoin in April 2011 and Litecoin in October 2011. On May 3, 2021, the total market capital of cryptocurrency surpassed \$2.3 trillion and has doubled in mere 3 months. In February 2021 and April 2021 bitcoin reached its peak and touched \$60,000.

THE MODERN CRYPTO BOOM

In mid-2009, Nakamoto the founder of bitcoin released it to the general public, and a group of eager supporters started trading and mining the virtual currency. By late 2010, many comparable cryptographic forms of currencies like Litecoin – started showing up too. In late 2012, WordPress turned into the primary significant dealer to acknowledge cryptocurrency as a mode of payment in the form of Bitcoin. It was followed by other online retailers like Newegg.com, Expedia, Microsoft, and Tesla. Presently thousands of merchants see the world's most famous cryptocurrency as a valid mode of payment. With, new cryptographic currency applications flourishing at a rapid pace – Investors have started looking towards cryptocurrency.

Although few digital forms of money other than Bitcoin are generally acknowledged as a mode of payment, increasingly active exchanges try to trade them for Bitcoin or some fiat currency – giving basic liquidity and adaptability. Since 2010, large businesses and financial institutions have kept a firm eye on what they call the "crypto space" as well.

WHAT IS BLOCKCHAIN?

A blockchain is a growing list of records, called *blocks* that are linked together using cryptography. Each block contains a cryptographic hash of the previous block,

a timestamp, and transaction data. The timestamp proves that the transaction data existed when the block was published to get into its hash. Each additional block reinforces the ones before it by containing the hash of the previous block, creating a chain. As a result, blockchains are immune to data alteration because the data in any given block, once registered, cannot be changed retroactively without affecting all subsequent blocks.

Blockchains are usually maintained by a peer-to-peer network for use as a publicly distributed ledger, with nodes communicating and validating new blocks using a protocol. While forks are possible, blockchain records can be considered safe by design, and they exemplify a distributed computing framework with high Byzantine fault tolerance.

The blockchain was invented by a person (or group of people) using the name Satoshi Nakamoto in 2008 to serve as the public transaction ledger of the cryptocurrency bitcoin. The identity of Satoshi Nakamoto remains unknown to date. Bitcoin became the first digital currency to address the double-spending problem without the use of a trustworthy authority or central server after the blockchain was invented. The bitcoin architecture has influenced other open-source software and blockchains that are commonly used by cryptocurrencies. The blockchain can be thought of as a form of payment system. Private Blockchains have been proposed for business use, but the promotion of such privatised blockchains without a proper security model has been labelled "snake oil" by Computerworld. Others, on the other hand, have argued that permission blockchains, if well-designed, can be more decentralised and thus safer in practice than permissionless blockchains.

STRUCTURE

A blockchain is a decentralized, distributed, and oftentimes public, digital ledger consisting of records called blocks that are used to record transactions across many computers so that any involved block cannot be altered retroactively, without the alteration of all subsequent blocks. This helps the participants to independently validate and inspect transactions at a low cost. A peer-to-peer network and a distributed timestamping server are used to handle a blockchain database autonomously. They are validated by mass collaborations, which are fueled by

collective self-interest. This type of design promotes a stable workflow in which participants' concerns about data protection are minimal. The use of a blockchain eliminates a digital asset's feature of infinite reproducibility. It indicates that each unit of value was only transferred once, resolving the long-standing issue of doubly spending. A value exchange protocol has been defined as a blockchain. When properly set up to detail the exchange agreement, a blockchain may protect title rights by providing a record that compels offer and acceptance. Logically, a blockchain can be seen as consisting of several layers such as infrastructure (hardware), networking (node discovery, information propagation, and verification), consensus (proof of work, proof of stake), data (blocks, transactions), application (smart contracts/decentralized Apps, if applicable).

USES OF BLOCKCHAIN

There are numerous uses of blockchain globally. Some of the uses of blockchain in day-to-day activities are given below:

❖ Cryptocurrency

The primary use of blockchain is cryptocurrency. Most cryptocurrencies use blockchain technology to record transactions. For example, the bitcoin network and Ethereum network are both based on blockchain.

❖ Supply Chain

Several efforts and industry organizations are working to employ blockchains in supply chain management.

- Mining – Wholesalers, manufacturers, and consumers can trace the origins of gemstones and other precious resources using blockchain technology. The Wall Street Journal announced in 2016 that Everledger, a blockchain technology firm, was teaming up with IBM's blockchain-based tracking service to monitor the origin of diamonds and ensure that they were mined ethically. DTC, the Diamond Trading

Company, has been involved in the creation of Tracr, a diamond trading supply chain product.

- Food supply – Retailers and customers can trace the provenance of meat and other food items from their source to stores and restaurants using blockchain technology. Walmart and IBM are collaborating on a trial to use a blockchain-based supply chain management system for lettuce and spinach. All blockchain nodes are managed by Walmart and are hosted on the IBM Cloud. One of the advantages listed is that the system will allow for quick tracing of contaminated produce. Some analysts, however, are skeptical that most customers would be interested in this capability.
- Shipping – Walmart Canada uses a blockchain-based system created by DLT Labs, a blockchain SaaS provider, to monitor shipments and deliveries made by hundreds of third-party trucking companies. One stated advantage is that the blockchain-based system allows for automatic invoicing, which eliminates contested billing and, as a result, Walmart's payment delays to freight transport companies.
- Blockchain software development – Hyperledger Grid, a blockchain project of the Linux Foundation, creates open components for blockchain supply chain solutions. The project aimed to "accelerate the creation of blockchain-based solutions to cross-industry supply chain problems," according to the foundation.¹

TYPES OF BLOCKCHAINS

1. Public blockchains

A public blockchain has absolutely no access restrictions. Anyone with an Internet connection can submit transactions and serve as a validator for them (i.e., participate in the execution of a consensus protocol). Typically, such networks provide monetary rewards to those who protect

¹ Sean Williams, '20 Real-World Uses for Blockchain Technology' (*The Motley Fool*, 19 May 2021) <<https://www.fool.com/investing/2018/04/11/20-real-world-uses-for-blockchain-technology.aspx>> accessed 20 May 2021

them and use a Proof of Stake or Proof of Work algorithm. The bitcoin blockchain and the Ethereum blockchain are two of the most well-known public blockchains.

2. Permissioned (private) blockchain

Permissioned blockchains use an access control layer to govern who has access to the network. In contrast to public blockchain networks, validators on private blockchain networks are vetted by the network owner. They do not rely on anonymous nodes to validate transactions nor do they benefit from the network effect. Permissioned blockchains can also go by the name of 'consortium' blockchains. Permissioned blockchains, as opposed to permission less blockchains, which are mostly centralized in operation, have been argued to guarantee a certain degree of decentralization if carefully constructed.

Disadvantages of Private Blockchain

Nikolai Hampton, a security specialist with experience in security systems analysis, policy development, DFIR, security project management, and implementation, pointed out that "There is also no need for a '51 percent attack on a private blockchain, as the private blockchain (most likely) already controls 100 percent of all block creation resources. If you could attack or damage the blockchain creation tools on a private corporate server, you could effectively control 100 percent of their network and alter transactions however you wished." This has many particularly serious negative consequences during a financial crisis or debt crisis, such as the one that occurred in 2007–08, when politically influential players may make decisions that benefit certain groups at the expense of others, and "the bitcoin blockchain is protected by the massive group mining effort. It's unlikely that any private blockchain will try to protect records using gigawatts of computing power — it's time-consuming and expensive." He also said, "Within a private blockchain there is also no 'race'; there's no incentive to use more power or discover blocks faster

than competitors. This means that many in-house blockchain solutions will be nothing more than cumbersome databases."²

3. Hybrid blockchains

A hybrid blockchain combines the benefits of both centralized and decentralized blockchains. The chain's exact operation depends on which parts of centralization and decentralization are used.

4. Sidechains

A sidechain refers to a blockchain ledger that operates in parallel to the main blockchain. Entries from the main blockchain (which usually reflect digital assets) can be connected to and from the sidechain, allowing the sidechain to function independently of the main blockchain (e.g., by using an alternate means of record-keeping, etc.).

BLOCKCHAIN ANALYSIS

With the rise in popularity of bitcoin, Ethereum, Litecoin, and other cryptocurrencies, public blockchain research has become increasingly essential. If a blockchain is open to the public, anyone with the necessary skills can monitor and analyze the chain's data. For many cryptocurrencies, crypto exchanges, and banks, understanding and accessing the flow of crypto have been a problem. The explanation for this is that blockchain-enabled cryptocurrencies have been accused of facilitating illegal dark market drug, guns, and money laundering trades. Moreover, several institutions have also criticized the high energy consumption that is involved in blockchain. Inside the cryptocurrency industry, concern about high energy consumption has led some companies to consider moving from the proof of work blockchain model to the less energy-intensive proof of stake model.³

² Nikolai Hampton, 'Understanding the blockchain hype: Why much of it is nothing more than snake oil and spin' (*Computerworld*, 5 September 2016) <<https://www2.computerworld.com.au/article/606253/understanding-blockchain-hype-why-much-it-nothing-more-than-snake-oil-spin/>> accessed 22 May 2021

³ Raymakers Wim, 'Cryptocurrency Bitcoin: Disruption, challenges and opportunities' (2015) 9(1) *Journal of Payments Strategy & Systems* 30-46

Many people believe that cryptocurrency is anonymous and untraceable, leading them to use it for illicit purposes. This is evolving, with specialized tech firms now offering blockchain monitoring services, allowing crypto exchanges, law enforcement, and banks to better understand what is going on with crypto funds and fiat-crypto exchanges. As expressed earlier, the development, some argue, has led criminals to prioritize the use of new cryptos such as Monero. The issue is the public availability of blockchain data as well as the personal protection of that data. It's a hot topic of cryptocurrencies and, ultimately of blockchain. ⁴

STANCE OF RBI

The Reserve Bank of India (RBI) in its various statements made over the past decade, has been worried over the impact of cryptocurrency on the broader economy considering it may be misused for terror funding and money laundering activities. Although some cryptocurrencies in development have aimed to provide more transaction anonymity options for a variety of purposes, the extent to which they succeed and, as a result, the degree to which they benefit money laundering efforts is debatable. Monero is an example of a cryptocurrency that provides unlinkable anonymity through proofs and/or knowledge obfuscation (ring signatures). Such currencies can be used in illegal online services. Since it is fully deterministic, protocol-based, and uncensorable, it can be used to circumvent national laws by obscuring transaction origins with services like Tor. Bitcoin is fully decentralised and does not depend on a central authority operating under an Indian KYC paradigm. Regarding ransomware attacks, drug dealings, cyber fraud, and other crimes, criminals have cashed out a large amount of Bitcoin. A Delhi-based cryptocurrency exchange had filed a complaint against its employee for hacking and stealing bitcoins from a wallet. ⁵

⁴ Tyler G Newby and Ana Razmazma, 'An Untraceable Currency? Bitcoin Privacy Concerns' (*Fintech Weekly*, 7 April 2021) <<https://magazine.fintechweekly.com/articles/an-untraceable-currency-bitcoin-privacy-concerns>> accessed 23 May 2021

⁵ Sidhartha & Surojit Gupta, 'Still want crypto ban, RBI to government' (*Times of India*, 15 March 2021) <<https://timesofindia.indiatimes.com/business/india-business/still-want-crypto-ban-rbi-to-govt/articleshow/81502386.cms>> accessed 23 May 2021

The Reserve Bank of India (RBI) has also questioned the legal aspect of cryptocurrency being treated as currency implying that currency is a sovereign right and it can't be assigned to a specific person or an organization.

Owing to all the above factors, bitcoin has been unregulated by the Reserve Bank of India (RBI) and RBI has tried several times to ban Cryptocurrency but all its efforts have remained in vain time and again. In 2018, it had issued a circular asking all financial institutions regulated by the RBI not to deal in cryptocurrencies or “provide services for facilitating any provide services for facilitating any person or entity in dealing with or settling VCs (Virtual Currencies)”. The Supreme Court dismissed this circular in March 2019 on the ground of it is not proportionate.

Post-2020, the RBI has also talked about bringing its digital currency, namely Lakshmi, which is different from cryptocurrencies. However, the government is yet expected to decide on the issue.⁶ As of date, the RBI's stance on cryptocurrencies is in line with the Central government, which has revealed that it will bring a new bill on cryptocurrencies (The Cryptocurrency and Regulation of Official Digital Currency Bill, 2021).⁷

STANCE OF SUPREME COURT

‘Internet and Mobile Association of India v. Reserve Bank of India’

Facts:

On April 5, 2018, The Reserve Bank of India (RBI) issued a circular prohibiting banks and other institutions from trading in cryptocurrencies. It raised the concern that virtual currencies might be prone to hacking and could be used for terror funding, money laundering, etc. The effect of the prohibition was that the banks that were not allowed to deal with were maintaining the

⁶ Vaishali Basu Sharma, ‘Will 2021 Be the Year When India Finally Clarifies Laws Around Cryptocurrencies?’ (*The Wire*, 23 December 2020) <<https://thewire.in/tech/will-2021-be-the-year-when-india-finally-clarifies-laws-around-cryptocurrencies>> accessed 23 May 2021

⁷ Ministry of Finance, ‘Draft Banning of Cryptocurrency & Regulation of Official Digital Currency Bill, 2019’ (*PRS Legislative Research*) <https://prsindia.org/files/bills_acts/bills_parliament/Draft%20Banning%20of%20Cryptocurrency%20&%20Regulation%20of%20Official%20Digital%20Currency%20Bill,%202019.pdf> accessed 23 May 2021

accounts, registering, settling, trading, clearing, giving loans against the virtual currency, accepting cryptocurrency as collateral, opening accounts of exchanges dealing with them, sale/purchase of virtual currencies.

Issues:

The petitioner contended that the reserve bank lacks the jurisdiction to prohibit the dealing of virtual currency moreover the ban imposed is based upon the misunderstanding of the central bank.

The petitioner also contended that the ban violates article 19(1)(g) of the Indian constitution i.e., the right to practice any profession or to carry any occupation. Also, the circular did not protect the interests of the public in general.

Law and Analysis:

On March 4, 2020, a three-judge bench comprising of Justices Rohinton Nariman, Aniruddha Bose, and V. Ramasubramanian, lifted the imposed ban imposed by the reserve bank. The apex court wanted to examine the circular and examine whether it violated article 19 of the Indian constitution.

The court analysed the definition of cryptocurrency by various institutions. It also analysed the four functions of virtual currency, namely (a) medium of exchange, (b) unit of account, (c) store of value (d) standard of deferred payment. It held that virtual currency cannot be used as a mode of standard deferred payment, thus not satisfying all the four functions and cannot be considered a legal tender. Moreover, the court said that cryptocurrency is a mode of digital payment which the reserve bank holds the power to control. However, they acknowledged the fact that the RBI circular substantially wiped out the concept of virtual currency exchange for the industrial sector of the country hence infringing on article 19(1)(g) of the Indian constitution.

The court later examined the trading and functioning of virtual currency exchanges. It asked the reserve bank to show the actual harm suffered to date, to which the reserve bank failed to come out with any direct or indirect harm suffered by any institution regulated by it. Hence, it

emphasized the importance of determining the actual loss suffered and vividly stated that there were none. The court impugned that the decision to ban virtual currency lied within the range of wide powers conferred upon the RBI under the Bank Regulation Act, 1934, and the Payment and Settlement System act 2007.

Held/Judgement:

The apex court marked the importance of objectively reliable empirical data in its decision and ascertained the relationship between judicial review and economic policy decisions. It decided in its judgement that the circular issued by the Reserve Bank of India was unenforceable, which allowed the businesses to freely trade in virtual currencies. However, the Supreme Court only struck down the circular by the reserve bank and has not declared the virtual currencies as legal or illegal. Virtual currency in India remains unregulated due to the lack of legislation for the same.

The stance of Parliament:

The government of India is set to introduce the Cryptocurrency & Regulation of Official Digital Currency Bill, 2021 which seeks to prohibit mining, holding, selling, trade, insurance, disposal, or use of cryptocurrency in the nation. However, the government is expected to make certain exceptions and permit the use of cryptocurrency for the purpose of the experiment, research, or teaching. The Bill is expected to give a margin of 3 to 6 months from the commencement of the Act. On the other hand, the Reserve Bank of India and the central government are in consultation to issue their own digital currency later which shall be recognized as legal tender money but as a foreign currency.

Punishments:

As expressed earlier, cryptocurrency is not fully banned in India. Cryptocurrencies are not legal tender in India, and while exchanges are legal, the government has made it very difficult for them to operate but said the discussions were in their final stages.

Cryptocurrency assets that offer high returns have become a lure for many Indian investors in the face of a serious economic slowdown. Scammers are more likely to steal investors' savings if there is no specific legislation governing cryptocurrencies despite job losses caused by the coronavirus pandemic. The ability to adequately respond to the challenge posed by bitcoins is undoubtedly a major concern for the global counter-terrorism community.

A government panel in 2019 recommended jail of up to 10 years on people who mine, generate, hold, sell, transfer, dispose of, issue or deal in cryptocurrencies. The official declined to say whether the new bill (The Cryptocurrency and Regulation of Official Digital Currency Bill, 2021) includes jail terms as well as fines, or offers further details.

Rather than relying on a ban, legislation can ensure that appropriate standards of authentication are used to assess the risk of crypto transactions being used for money laundering or terrorist funding. Even if appropriate legislation is drafted for cryptocurrencies, its enforcement would necessitate the use of cyber-savvy personnel to identify these transactions. Negative concerns associated with Bitcoin or other cryptocurrencies can then be properly comprehended and shaken off to make it a more popularly accepted token in India.⁸

GLOBAL SCENARIO OF CRYPTOCURRENCY

Cryptocurrencies are expected to play a significant role in the way we deal with money, according to a rising consensus. In April 2017, the total market capitalization of all cryptocurrencies was slightly more than \$25 billion. Within 60 days, the same market cap had increased by 300 percent, reaching \$100 billion. It has already been widely reported that cryptocurrency would outperform all other asset classes in terms of relative development. While significant progress in economic globalization, the global financial system remains highly fractured, with just a few participants receiving invitations to the big boys' table. Blockchain technology has enormous potential to simplify and, possibly, standardize global capital markets. According to the Cambridge Centre for Alternative Finance's first global

⁸ James Mathew, 'Crypto investors get a shock as India drafts bill to ban digital currency' (*Arabian Business*, 20 April 2021) <<https://www.arabianbusiness.com/alternative-assets/462324-crypto-investors-get-shock-as-india-circulates-draft-bill-to-ban-the-digital-currency>> accessed 25 May 2021

cryptocurrency benchmarking report, more than 3 million people (three times previous estimates) are currently using cryptocurrencies including Bitcoin. Cryptocurrencies have exploded in popularity around the world, with Bitcoin and Ethereum leading the pack. By far the most well-known of these cryptocurrencies is Bitcoin. It's also one of the oldest, having debuted in 2009. Ethereum, Ripple, Litecoin, Dash, and Monero, the top five cryptocurrencies, now account for 20% of the market.

The legal status of cryptocurrency varies substantially from country to country, with some countries becoming global advocates of virtual currency, while others have actively banned it. Below are some examples of how different countries are dealing with these cryptocurrencies.

- China- China has taken the step of banning all websites that deal with or trade cryptocurrencies. They've also told their financial institutions to stop providing any kind of financial assistance to companies trading in such currencies.
- Ukraine- Ukraine has formulated a law to ban cryptocurrency, but they have allowed crypto mining to generate revenue for the country.
- Japan- Japan is the first country to recognize cryptocurrency as a legal tender. It has been successful in creating the biggest virtual currency market in the country.
- Australia- Australia is another country that has recognized cryptocurrency as a legal tender.

Imagine heading on a trip to another country without using an ATM or paying any international transaction fees. Isn't it practical? Cryptocurrencies could make all of this possible. Since there are no taxes, cryptocurrencies are perfect for cross-border transactions. Furthermore, it provides a peer-to-peer mechanism that is free of government oversight. On February 20th, 2018, Venezuela became the first country to launch its cryptocurrency, the 'Petro.' Preliminary revenue estimates for the project totalled \$735 million. Not only governments, but also major corporations such as Tesla, Microsoft, Wikipedia, Lionsgate Films, and Virgin Galactic believe in the future of cryptocurrencies and support Bitcoin payments. Even after so much speculation

around cryptocurrencies, one thing is certain that in the future they will completely replace the paper currency.⁹

WAZIR X THE CRYPTO SUPERGIANT OF INDIA

Nischal Shetty has been a blockchain advocate and influencer with a gigantic online media following for a long time. Well known for establishing Crowdfire, a social media board apparatus with 20 million clients following with all-night coding sessions, Nischal's final goal was to include as many Indians as he could, in the blockchain revolution to help the nation profit by the trust and efficiency provided by the blockchain technology.

In any case, he started looking into the matter more seriously about virtual currency when mainstream social media channels like Twitter and Instagram got cutting off API access in 2017. He understood that clients couldn't rely upon state-sponsored organizations, since they could change the standards of the game whenever they needed.

After multiple attempts leading to failure due to poor client experience (UX) and lack of transparency which were directly opposite to the key features represented by blockchain, in 2018 Nischal chose to fabricate WazirX. The name WazirX comes from the word 'Wazir,' the Urdu expression for the Queen piece in chess, which is thought of as the most remarkable piece in the game. Nischal began WazirX intending to offer clients the most remarkable crypto exchanging interface available to everybody in India, and that has been steady since its origin. Within 20 months of building the stage, WazirX was procured by the world's greatest crypto exchange. WazirX stands tall as India's biggest and most believed digital money trade and is trusted by worldwide financial backers. 2020 was a blockbuster year for the trade since the Supreme Court of India struck down controls on crypto exchanging, which supported crypto reception in India.

Alongside other key highlights, their trade's utility token called WazirX Token (WRX) is the primary token to be upheld by the Indian crypto trade and is recorded on more than seven

⁹ Shreya Bansal, 'International Scenario and Future of Cryptocurrency' (*Law Street*, 20 March 2018) <<https://lawstreet.co/speak-legal/international-scenario-and-future-of-cryptocurrency/>> accessed 26 May 2021

worldwide crypto trades. These tokens empower clients to get exchanging charge limits inside the WazirX framework and can likewise be utilized to change over to dust balance on WazirX to WRX and to exchange crypto in the WRX market at zero expense.

Since numerous financial investors already have questions about crypto even as they need to invest given the growth potential, WazirX is participating in multi-pronged investor awareness projects to advance blockchain and educate Indians on digital currency as another venture choice. Alongside a 'Crypto Awareness Program' on the main TV channel each week, WazirX has vigorously worked in grounds outreach programs across top-level institutes in India. The WazirX Warriors Program instructs the majority through expert delegates, while youthful experts and understudies are prepared through joint efforts with ed-tech new businesses under the Education Partner Program.

Anticipating solid development, WazirX has planned big moves in 2021 and will concentrate on bringing issues to the limelight among considerably more Indians and taking the crypto transformation to them. The trade likewise plans to add more highlights to make clients' exchanging experience consistent. Similarly, WazirX has also launched one of India's first commercial centres for Non-Fungible Tokens. It will be built for consistent trade of advanced resources and scholarly properties and give Indian traders an incredible lift in terms of selling their computerized resources.

For a platform that was set up only a few years ago, catching the biggest market share in India is no mean accomplishment. The youth is running towards cryptographic money as a reasonable investment choice, and WazirX has opened the doorway to enable Bitcoin to be available and standard for the people interested in India, particularly among twenty- to thirty-year-old. The comfort that WazirX offers, alongside the extent of opportunity that crypto offers, in the midst of worldwide market vulnerability, makes it a reasonable speculation option for the young people of India.¹⁰

¹⁰ BloombergQuint Brand Studio, 'How did WazirX become India's largest cryptocurrency Exchange And Kickstarted A Crypto Revolution In India' (*BloombergQuint*, 6 May 2021)

CURRENT SCENARIO AND FUTURE PREDICTIONS

However, as of May 2021 (present scenario), the global cryptocurrency market has crashed and has been subsequently bleeding. This is due to multiple reasons. Financial institutions and payment firms in China have been prohibited from offering any services related to cryptocurrency transactions. This means that banks and online payment networks are prohibited from providing clients with any cryptocurrency-related services, such as registration, trading, clearing, and settlement. As stated above, China had issued such a ban in 2017 as well, but compared with the previous ban, the new regulations also broadened the reach of prohibited services and conclude that "virtual currencies have no real value." Although the Chinese news was the last straw, Bitcoin and Ethereum have been on the decline after Tesla CEO Elon Musk revealed last week that the electric carmaker would no longer accept Bitcoin as payment – reversing an earlier decision. Despite a crackdown by one of the world's largest economies, ecologists have defined the decline as a short-term correction. "While a nearly 40% drop in the price of bitcoin from its all-time high seems drastic, it is common in many volatile markets, including crypto, particularly after such a large rally. Short-term traders are mostly to blame for such corrections. Long-term value investors might call these lower prices a buying opportunity, and the cryptocurrency industry is expected to revive and grow substantially time and again."¹¹

CONCLUSION

It is quite evident that there exists an absence of clarity regarding cryptocurrency guidelines in India. A digital currency regulation guideline requires a systematic, organized, and nuanced approach, with due respect to the collaboration of law with its subjects. It is vital to comprehend that digital money has acquired worldwide force. In the year 2020, Bitcoin saw an enormous lift in valuation, because of which numerous new financial backers displayed a solid tendency towards it. Investigators speculate that the new cryptographic money bill may affect some

<<https://www.bloombergquint.com/bq-brand-studio/how-wazirx-became-indias-largest-cryptocurrency-exchange-and-kickstarted-a-crypto-revolution-in-india>> accessed 27 May 2021

¹¹ Pranav Mukul, 'Explained: Why did the cryptocurrency market crash last week? What's next?' (Indian Express, 19 May 2021) <<https://indianexpress.com/article/explained/bitcoin-ethereum-cryptocurrency-crash-china-7321942/>> accessed 27 May 2021

existing investors who have already invested resources in digital private monetary forms like bitcoin in the country. The reason behind it is that if the Center passes the bill considering the suggestion of the Inter-Ministerial Committee (IMC) will result in private cryptographic forms of money getting prohibited in the country which will justifiably make a misfortune, considering the current crypto-financial condition of the country. Nonetheless, satisfactory evidence has not been found whether the new enactment will incorporate Bitcoin or Ethereum under the rundown of restricted private digital forms of money or not.

Since the point-by-point arrangements of the bill are not yet known, so there's a great deal of vagueness whether those who hold Bitcoins or other cryptographic forms of money will have to sell them or not. According to the authority gauges, around seventy lakh Indians hold cryptographic forms of currency which are estimated to be worth more than \$1 billion. Inspecting the models effectively received by different nations and executing them, without forcing prohibition could be a more helpful arrangement that remembers the interests of the relative multitude of partners. Different global purviews, for example, Japan, Australia, and Russia have made productive guidelines towards the utilization of digital forms of money.

It is said that blockchain innovation gives clarity, security, and productivity in business tasks and empowers a layer of trust over the Internet in a novel manner, which was first done by the virtual money application, Bitcoin. The virtual currency was likewise perceived among the possible utilizations of Blockchain. Similarly, it is expected from the Indian specialists to bring together their substitute with this respect. The RBI strategies are obviously way different with respect to the observations made by MEITY. As we are in an age where an ever-increasing number of innovative advances will undoubtedly occur, every progression will perpetually involve certain dangers. It is imperative to continue to update the law to keep it predictable with current turns of events. As brought up in the Judgment by the Supreme Court, there should be observational information to legitimize the boycott and show a real requirement for it – without which, there is a high chance of a huge number of prosecutions where the privilege allowed under 19(1)(g) will be summoned once more. Subsequently, the point of any proposed law ought to be to dodge the dangers related to VCs through proficient guidelines rather than a boycott.