Jus Corpus Law Journal
Open Access Law Journal – Copyright © 2022 – ISSN 2582-7820
Editor-in-Chief – Prof. (Dr.) Rhishikesh Dave; Publisher – Ayush Pandey

A Study on Cryptocurrency with Recent Development

Shivam Pandey[a]

[a]ICFAI Law School, Hyderabad, India

Received 15 March 2022; *Accepted* 25 March 2022; *Published* 30 March 2022

A cryptocurrency is a digital currency that is safeguarded by cryptography, making it nearly impractical to counterfeit. There are many forms of cryptocurrency around the world as more and more entrepreneurs are stepping into the crypto market with a vision of serving their clients with anonymity. One of the distinguishing features of cryptocurrency is that it is a decentralized network built on blockchain technology, which means it is not issued by any authority of the government, making it immune to government intervention. Bitcoin is the most widely used cryptocurrency, and it is gaining popularity in India on a regular basis. According to Google trend data, 'Bitcoin' was one of the most searched terms in India in 2017. Indians were drawn to it in the early years after it was created. After demonetization, Bitcoin's popularity skyrocketed. Since then, India has become one of the world's major centers for cryptocurrency adoption with some estimates putting the entire value of bitcoin held by Indians at more than $6.5 billion as of May 2021. As a matter of fact, Bitcoin's robust framework has confronted many regulators and made them struggle to find ways to bring it under control. Some countries have acted rapidly and legalized it in an appropriate manner while some countries that made it illegal while like India, have remained observant for a while. As per the recent developments, the Indian government is now showing firm signs of regulating the cryptocurrency market in India. This paper is the result of extensive cryptocurrency research. The primary focus of this paper is on the working dynamics of cryptocurrency and its legal status in India.

Keywords: *blockchain, cryptocurrency, bitcoin, demonetization, digital currency.*

INTRODUCTION

In the recent past, Cryptocurrency has slowly taken over the world and has been a topic of discussion among the public at large. In 2008, the pseudonymous "Satoshi Nakamoto" published a white paper unfolding an exceptional digital currency concept named bitcoin that is based on blockchain technology, a distinguished form of an ordinary distributed database by its unique structure, which linearly connects smaller pieces of the database or the blocks. The chaining comes in the form of a cryptographic hashing function. Any change to history will break the chain on a particular copy of the database. When a chain is broken, the network fixes it by replacing any corrupted block with a valid block. Today, it is considered the most popular cryptocurrency in the world. The sudden escalation of cryptocurrency leads to an existential threat to many traditional instruments such as fiat currency in the financial belt. Cryptocurrency focus on peer-to-peer mechanisms and excellently removes intermediaries such as financial institution controlled and governed by the government. Cryptocurrency is empowered with such technologies which are near impossible to hack and not confine to just providing good banking services to the unbanked but also capable of economical, secure, and rapid transactions letting billions of people seam with the tech ecosystem of online commerce; paying and being paid across the boundaries of nations. Estimation of the value of cryptocurrencies that are not collateralized to actual assets is a challenge. These currencies are highly volatile and subject to bubble-like behaviour. Many new cryptocurrencies come into the market with the lack of will to provide good cryptocurrency-oriented services in an organized manner to people while acting as an alternative to traditional banking systems. People consider them as an opportunity of making huge money and buy. They suddenly rise in the starting but later quickly falls following to huge loss. The reason is the unregulated entry of the crypto market. So far, Cryptocurrency is considered as an intangible, digital value that doesn't have any physical configuration and can be used as money, competent for transactions and other commerce.

Our goal in this paper is to provide a high level:

- Understanding of the origin, working, and key features of cryptocurrency.

- Understanding the prominent issues associated with cryptocurrency.
- Finding out the legal status of cryptocurrency in India and the approach of the Indian government.

ORIGIN OF CRYPTOCURRENCY

Money is without a doubt the most important and sought-after commodity on the planet Earth. It is so important that we interact with this in almost every sphere of our lives, whether traveling to any place, buying groceries, or investing in stocks; money is required in all such activities. In fact, in the modern economy for successfully doing any kind of transaction or trading the one thing you need most is money. If we observe human history precisely, we would find that money had numerous forms and the oldest form was bartering. In bartering, people were trading one good for another good as per their needs without any currency e.g., trading a bull for a horse. People were highly dependent on it although this form of money was very incompetent practical life as the odds of finding someone that needed a bull for the exact good like a horse that the other person wanted a relatively low and used to be time-consuming. Eventually, the requirement for an intermediary instrument emerged and needed to be developed that could act to make the trading more competent. It was sometime around 600 B.C. when the first currency was developed in the form of a coin. These coins used to be comprised of a balanced blend of silver and gold and were engraved with an image to indicate the coin's face value. Later the concept of paper currency was introduced and the world started moving away from coins. Slowly, printed paper currency that we use to deal with before adapting to online tractions, became the norm. As time passes and people started evolving in handling currency, it has eliminated all bartering issues and now serves as a stable medium of exchange. Pricing products and services, as well as trade, became considerably easier. In today's time, the entire economy of a country is directly dependent and runs on its fiat currency. Fiat currency is a government-issued currency that is protected by using the regulations and laws that create the desired trust of people in money and thus manifest its value. Fiat currency is supplied by the country's central bank, which also maintains the stability and supply of currency through its monetary policies. With the advancement of technology, new forms of money have been invented. From these, one of the most controversial inventions is Cryptocurrency, a form of digital currency often called decentralized currency. Of many features, one of the most important features of cryptocurrency is that it is not issued by a central bank nor is it protected by regulations or law, making it impervious to government interference.

Bitcoin, the most prominent cryptocurrency, was created in the year 2009 by one individual or more under the pseudonym "Satoshi Nakamoto." However, much before the birth of bitcoins, early less widespread work on cryptocurrency ideas can be dated back to the 1980s, when an America born computer scientist, David Chaum, wrote extensively on cryptography and digital cash in his papers' on "security without identity," "blind signatures for untraceable payments," and others. In 1994, he finally brings his idea to life and introduced the world to his brainchild called "DigiCash." Unfortunately, due to a lack of digitalization in 1998, DigiCash had to file for bankruptcy. Although DigiCash never got the opportunity to fly, it nonetheless helped to lay the foundation for the cryptocurrency world that exists today. Then Dr. Adam Black came up with "Hashcash" in 1997. The features of Hashcash were alike to Digicash but with an additional twist of anti-spam mechanism that was eligible to levy a cost on users for sending emails, which later resulted in limiting email spamming and DDoS attacks. At present, this mechanism is involved as an essential piece of mining algorithm in many popular cryptocurrencies systems. In 1998, Wei Dai, a computer scientist; had introduced the concept of "B-money" in one of his essays. B-money was coined to be an anonymous, distributed cash system. Though the concept did not come to life, was still referenced by Satoshi Nakamoto in his paper on bitcoins as it was framed in such a manner that it would have given the services like cryptocurrency today are giving. B-money had the potential to be one of the cryptocurrencies. The architects of the cryptocurrency world have been inspired by the need for privacy, and the power of a person's money should lie with the person who earned it instead of the government. This led to the elimination of government interference in the name of sovereignty and the emergence of a system of digital currency that is not subject to the pronouncements of government or its bodies. The pitchers of the cryptocurrency concept keep privacy at the pinnacle, sturdily oppose the attempt of regulation by governments on cryptography, and believes that encryption is a private action arising out of a social mutual contract without giving importance to the prevailing notion of national boundaries.[1] However, one cannot disagree with the likelihood of criminals' attention toward cryptocurrency due to the guaranteed anonymity and immunity from laws that are enough to set appropriate circumstances for money laundry practices in the lack of regulations.

HOW DOES CRYPTOCURRENCY WORK DIFFERENTLY?

Cryptocurrency is not just unique but also an advanced payment tool that allows transactions to be anonymous, secure, and reachable without the backing of banks and governments. Transactions involving cryptocurrencies are done effectively between peers by using a software called "cryptocurrency wallets.[2]" The person who is willing to do a transaction uses the software to transfer balances from one account to the targeted account. To transfer funds the person needs to have the knowledge of a private key, which is essentially a very strong password. When a transaction is made, its information gets converted to an encoding algorithm that gets broadcasted to the cryptocurrency network where they get lined up to be added to the public ledger. In turn, the transaction is then recorded on the public ledger via a method known as "crypto mining." The public ledger is normally accessible to all the users of that specific cryptocurrency. This unique feature is accomplished by downloading and executing a program known as a "full node" wallet. In the public ledger, the transaction amounts are public, but who sent or received the transaction is encrypted. So, we can quote these transactions as pseudo-anonymous transactions and every such transaction leads back to a unique set of keys. In the cryptocurrency realm, you are not required to give information related to your name, permanent address, or any other private details. Instead, your account works on just two keys that are; a public key and a private key. Consider it like your social media account where your public key is like your username or email id associated with an

---

[1] Vinod Joseph, Deeya Ray, &Shivani Agarwal, 'Cryptocurrencies in India – Past, Present and Future' (Argus Partners, 13 May 2020) <https://www.argus-p.com/papers-publications/thought-paper/cryptocurrencies-in-india-past-present-and-future/> accessed 10 September 2021

[2] Kevin Voigt, 'Bitcoin Wallet: How to Choose the Right One for Your Cryptocurrency' (Nerd Wallet, 31 March 2021) <https://www.nerdwallet.com/article/investing/best-bitcoin-cryptocurrency-wallet> accessed 10 September 2021

account and your private key is like your password. Like your social media account, you need both to access your account, in a similar manner you need a public key and a private key to access your crypto account. Crypto miners also play an important role. They append these blocks of transactions progressively in the public ledger. This is why the ledger and the technology that backs it are referred to as a blockchain. It is a chain of transaction block that ensures the legitimacy of each cryptocurrency coin that is linked and safeguarded using cryptography.[3]

KEY FEATURES OF CRYPTOCURRENCY

In the initial years, a few numbers of people took seriously these evolutionary developments in cryptography, and blockchain technology with the potential of a decentralized digital transaction system that has the possibility of global reach. If you want to understand what cryptocurrency is all about, then you should also know about its fundamental features. These are:

Decentralized and No Central Authority: Unlike traditional fiat currency where the central government through different authorities and banks controls the entire financial system by exercising the powers conferred as sovereign; the cryptocurrency transactions are processed and later confirmed by a distributed, open network that is neither owned by anyone nor controlled by anyone. This is what a system is grounded on the idea of decentralization. The distributed network in cryptocurrency is managed through computers and processors that are situated in different corners of numerous countries; are mechanically known as nodes. Each transaction on the cryptocurrency system is approved by the network nodes via cryptography and then stored in a public ledger known as a blockchain. The transaction is repeated by every node and spread across a peer-to-peer network in a matter of seconds, reaching a high proportion of the nodes.

Irreversible and Immutable (Cannot be undone): Transactions made on the blockchain are immutable which means that once the transaction is executed, it is executed. It is undoubtedly

[3] 'How Does Cryptocurrency Work? (for Beginners)' (Cryptocurrency Facts) <https://cryptocurrencyfacts.com/how-does-cryptocurrency-work-for-beginners/> accessed 10 September 2021

one of the key features of blockchain technology that ensures that the technology will remain permanent. Blockchain technology relies on the collection of nodes. With the help of the nodes, every single block of a transaction is added to the ledger. This is executed with the consent of the majority of nodes where every single nod on the cryptocurrency network has a copy of the digital ledger and is needed to be checked and when the majority perceives it as valid then only it is added to the ledger. Another interesting fact is that once the transaction block is added to the ledger, it cannot be removed, edited, or deleted by anyone. This plays an important role in making the cryptocurrency network transparent and corruption-proof.

Limited Supply and Scarcity: In the fiat currency realm, the central banks sometimes manipulate the value of their fiat currency by issuing more or fewer fiat currencies in the market as per their needs and economic policies. Almost all holders of fiat currency bear the cost of a decrease in value due to the inflationary nature of fiat currencies and they face the constant threat of currency manipulation. Contradictory to fiat currencies, most cryptocurrencies adopt a limited and pre-determined supply mark model which is encoded into their rudiments at the time of creation. To understand it better let's take the example of the world's most popular cryptocurrency, Bitcoin in which the determined coin supply is set at the 21 million mark, and when this mark is touched, no new Bitcoin coin can be mined which brands it as a highly beneficial asset for its holders. Most cryptocurrency purposely generates scarcity in the financial belt to evade manipulation and diminution of value over time.

Near-Instant Transaction: Cryptocurrency is a digital currency. This means that it only exists online and does not have any relation with any physical form like paper or coins. This may sound like a disadvantage but it is not because this ensures transactions are processed quickly irrespective of its users' locations. The world is ready to adopt the digital payment system as it is much more convenient, reachable, secure, and to an extent corruption-proof. Take the example of India, the country which was known for its irregular banking system where common citizens used to struggle most as they used to wait in line for small amounts outside the ATMs, has done digital transactions of $300 Billion in the financial year 2021 and is now outpacing the world.

Cryptography Security: The radio signals that allow us to listen to the broadcast on our devices are open to the public and anyone could have access to it to entertain themselves. On the other hand, defense-level communications are done between the officials; in these, the information is transmitted in a secure and encrypted manner. Instead of being available to everybody, it only is received and known by the intended recipients. Cryptography works similarly.[4]In cryptocurrencies, cryptography protects the sensitive data of users from fraudulent practices and ensures secure transmission of data between two willing users only who are interacting on cryptocurrency systems. The term "crypto" means "hidden," while "graph" means "writing. "Cryptography comes with the feature known as Encryption, which is the process of converting the regular transcript of data into an unintelligible transcript and vice versa by using various algorithms. The key that transfers balances all across the blockchain use public-key cryptography, which is a form of one-way cryptography. "Hashes" employ a similar form of cryptography (the one-way cryptographic codes that link blocks on the blockchain). Meanwhile, transaction data is tokenized (a form of one-way cryptography that points to data but does not include all of the original data) and transferred, stored on the blockchain. The essentials that are needed to understand these layers of encryption that guarantee a system like bitcoin are found in one-way cryptographic algorithms. The basic concept behind this is that cryptocurrency employs a form of encryption that is simple to calculate in one direction but difficult to compute in the other without a "key." For example, it is simple to develop a strong password when logged into your online bank account, but it is quite difficult to decode once it has been set which gives additional security from financial crimes.[5]

ISSUES ASSOCIATED WITH THE LEGALITY OF CRYPTOCURRENCY

Cryptocurrency is fast gaining ground as a profitable yet risky investment option. The past few years have witnessed an exponential increase in crypto investors and as per analytics, it is not just a city slicker. Most fresh crypto investors come from small cities and towns in India.

[4] Shobhit Seth, 'Explaining the Crypto in Cryptocurrency' (Investopedia, 24 August 2021) <https://www.investopedia.com/tech/explaining-crypto-cryptocurrency/> accessed 11 September 2021

[5] 'What is Cryptography' (IntelliPaat, 16 February 2022) <https://intellipaat.com/blog/what-is-cryptography/> accessed 05 March 2022

Despite the mounting popularity, much uncertainty still persists around the legality of cryptocurrency in India which has prevented additional investments. Before considering investing in cryptocurrency, one needs to be sure about the legality of cryptocurrency in India. Therefore, it's important to understand the issues associated with the legality of cryptocurrency. In this part, we take a look at some major legal issues related to cryptocurrency.

I. JURISDICTIONAL ISSUES

The cutting-edge technology which leaves no clue to trace the exact location of a ledger record is a fundamental feature of blockchain technology that empowers cryptocurrency on many fronts and makes it unique from its competition. As a result, a cryptocurrency user enjoys more privacy on its transactions than on traditional platforms controlled by none other than the central authorities. However, this advantage attracts a complicated jurisdictional hurdle. First, since the nodes of cryptocurrency transactions are located in different jurisdictions, they are subject to different legal frameworks that may be at odds with one another leading to no redressal in case of any wrong committed. Second, the ledger has no physical location, finding the country of residence of a particular user in regards to his/her transactions cryptocurrency is extremely challenging for the authorities. Third, because of the technological efficiency of blockchain to do transactions beyond countries within a network; defining pertinent laws and finalizing the proper jurisdiction for disputes arising out of it is challenging.

II. DATA THEFT AND FINANCIAL FRAUD

Scammers, the word which describes itself, are active in all places, hard to identify, and are constantly hustling to find new ways to steal your precious money. Scammers are now active in the cryptocurrency market. Scammers in the cryptocurrency market use different types of techniques to deceive. Some scammers make people believe that they can earn a lot of money in a short period of time by just investing in the opportunity about which they are telling and would enjoy financial freedom. Some scammers give false guarantees to people to grow their money provided they give the cryptocurrency they bought. Some scammers prefer a traditional approach in which they upload fake job offers on a job website and at last end up stealing either money or personal information of job applicants. In the past, a few unexpected incidences had happened in which the social media accounts of much-known celebrities were hacked and during this time these accounts were posting some kind of investment opportunities in which many followers made investments. A lot of people thought that this celebrity is known and accomplished in life. So, they could trust easily and made investments which resulted in scams. According to one recent study by Trading Platforms UK, the incidences of cryptocurrency hacks and thefts surged by 38.38 percent, a straight jump from $370.7 million to $513 million between 2019 and 2020. The highest value in the recent five years was $950 million in 2018. In one of the data security breaches, Ledger, a bitcoin wallet maker has exposed 1 million email addresses. Private information of Ledger's clients was stolen, including full names, phone numbers, and other details. Theft of personal information and financial fraud are two major legal concerns regarding cryptocurrency.

III. MONEY LAUNDRY

Money laundering is considered an illicit practice. The reason being is the purpose why it is executed. There are numerous illegal ways to make a hefty sum of money. The problem later faced after making these amounts is to show them as a clean source of money. This is needed to avoid confiscation of assets made through illegal ways, punishment such as imprisonment, and loss of reputation in society. To avoid these probabilities, money laundry practices play a crucial role. They make them appear to have originated from legitimate sources. The disruptive nature of cryptocurrencies has made them more likely for criminals to use them to circumvent traditional anti-money laundering measures. Laundering money in the fiat currency financial system is extremely difficult. One needs to first create different accounts with banks and other financial institutions by providing different personal information and various other proofs to out-smart the security measures; qualify the eligibility criteria. With all this, the person also needs to ensure that he/she is not getting tracked which has a low likelihood due to advancements in banking technology over the years. Money launderers then execute transactions of illegal funds into and out of the financial system in an attempt to conceal their origin. On the other hand, users of cryptocurrency exchanges do not need to identify themselves in order to transfer funds. Cryptocurrency transactions require only two keys, that are; a public key and a private key, which can take place anywhere in the world without the requirement of any kind of security by a centralized authority. Cryptocurrency exchange platforms require very less user particulars and record-keeping related to transactions. These chunks of information are unreliable and inadequate that resulting in profiting to criminals as they continue to take the advantage of anonymity and rapidity of blockchain technology digital transfers. Because cryptocurrency transactions are digital, money launderers may quickly move large amounts of unlawful money into and out of the financial system, repeatedly outperforming the precautionary measures that are put in place by authorities. As a result, cryptocurrencies are an intriguing alternative for money launderers due to the anonymity they provide and the rapidity with which they can transfer amongst users via exchanges.

LEGAL STATUS AND RECENT DEVELOPMENTS IN INDIA

Since the notable emergence of cryptocurrency in the finance sector, the Indian government has never taken any clear-cut decisions related to it. The government officials always said that the government is acting as an observant and analyzing the crypto market. This resulted in uncertainty among investors which even lead them to back off from cryptocurrency investment. Later in 2013 and onwards, the Reserve Bank of India (RBI) has published numerous press statements in which they explicitly warned people about cryptocurrency and expressed that this could have potential repercussions on the country’s financial sector. However, the use of cryptocurrency was not constrained in general since 2013. But, in April 2018, the RBI has taken an unusual yet decisive decision and issued a circular in which they prohibited all registered financial institutions from abstaining from providing the needed services to the enterprises that were involved in cryptocurrency trading. This decision had a huge impact and threw the whole cryptocurrency trading market of India into havoc. Several cryptocurrency trading enterprises approached the Hon’ble Apex Court of India through writ petitions in which they challenged the legitimacy of the RBI’s circular. The Hon’ble Apex

Court examined cryptocurrencies in ***Internet and Mobile Association of India v Reserve Bank of India***[6] and quashed the circular. The Hon'ble Apex Court examined the role of RBI in the Indian economy as a central bank responsible for managing currencies, money supply, and interest rates, and noted that the RBI aims to maintain price stability. The Hon'ble Apex Court stated that there is a possibility of bringing cryptocurrencies under regulation and also mentioned that cryptocurrencies can be treated as a legitimate payment source for goods and services. With this Hon'ble Apex Court ruled that the RBI was within its legal jurisdiction to issue the circular in order to protect the "public interest, depositors' interests, and the interests of banking policy." According to the Hon'ble apex court, "anything that may pose a danger to or have an impact on the financial system of the country can therefore be regulated or forbidden by RBI, despite the relevant activity not forming part of the credit system or payment system." Since the circular was judged to be published in the interests of banking policy, depositors, and the public at large, the Hon'ble Apex Court dismissed the contention that there had been excessive use of power by RBI. The circular was also challenged because denying access to cryptocurrency traders would be tantamount to denying their constitutional freedom to carry on any trade or profession, thereby violating Article 19(1)(g)[7]. The Supreme Court upheld this contention, stating, "*there can also be no question that financial systems supply the lifeline of any business, trade, or profession*."

On the other hand, the Hon'ble Apex Court also made a definite distinction among the three types of people involved in cryptocurrency. First, the people who deal in cryptocurrencies as their hobby. The second and third do the same act but in different sizes. Second, are those who do trade in cryptocurrency as a business, and third, are those who trade in cryptocurrency as a profession? The Hon'ble Apex Court ruled that the first type, which buys and sells cryptocurrencies as their hobby has nothing to do with Article 19(1)(g)[8] because it is only for those who do trade, occupation, profession, or business. Further, the Hon'ble Apex Court also held that the second type of people, those who trade in cryptocurrencies as a business, cannot contend that the circular comes with an effect of totally closing their Indian businesses. The

[6] Internet and Mobile Association of India v Reserve Bank of India (2020) SCC OnLine SC 275
[7] Constitution of India, 1950, art. 19(1) (g)
[8] Constitution of India, 1950, art. 19(g)

circular does not prevent them from trading in crypto-to-crypto pairs or using the cryptocurrencies present in their wallets to pay for goods and services to those willing to acknowledge and accept them, whether they are in India or abroad. The hon'ble apex court further ruled that only the third type of people suffered drastically as their cryptocurrency exchanges were restricted from financial services due to the directions laid in the circular. These people had no other means of survival. Though the publication of such circulars comes under the RBI's legal jurisdiction, the absence of substantial proof of "proportional damage" to regulated institutions of RBI due to the dealing of cryptocurrency trade led to the circular's downfall. The Hon'ble Apex Court concluded that the circular is of a nature that separates the banking sector from transactions related to cryptocurrency even though RBI did not find anything conclusive on which it could show the proportional damage resulting from cryptocurrency trade dealing. It was also concluded that the RBI overlooked the possibility of alternative measures that could be less intrusive as well in its investigation. One of such measures is bringing cryptocurrency trade and platforms under scrutiny and regulating them properly, prior to issuing the circular. Despite the fact that the Hon'ble Apex Court verdict has brought temporary relief, there is still no absolute regulation implemented on cryptocurrency.[9]

On March 24, 2021, the Ministry of Corporate Affairs, Government of India issued a circular wherein they informed that they have made certain amendments to the Schedule III of the Companies Act, 2013. With this, it is now obligatory that companies should disclose respect to the cryptocurrency transactions during a particular financial year. After a few days, on May 31, 2021, the RBI has given clarity to all its banks and regulated institutions to continue carrying out customer due diligence for their customers who are preferring transactions in cryptocurrencies. Many people were of the view that Cryptocurrency is now about to be accepted by the government as a legal currency but this speculation proved wrong when one Lok Sabha Bulletin dated November 23, 2021, revealed that the Government is planning to introduce the Cryptocurrency and Regulation of Official Digital Currency Bill, 2021 in the Parliament of India to create a facilitative framework for the creation of the official digital

[9] Sawant Singh, Neha Naik, & Madhavi Doshi, 'SC Judgement on Cryptocurrency' (Mondaq, 08 May 2020) <https://www.mondaq.com/india/fin-tech/930894/sc-judgement-on-cryptocurrency> accessed 13 September 2021

currency to be issued by the RBI and to prohibit all private cryptocurrencies in India. This piece of information resulted in the disruption of the market and once again created uncertainty among users related to cryptocurrencies.

On 1st February 2022, through budget 2022 we have witnessed ground-breaking developments related to cryptocurrency. During the budget announcement, Finance Minister Smt. Nirmala Sitharaman not only placed earnings from cryptocurrencies in India's highest tax band of 30 percent, but she also clarified that losses from the sale of cryptocurrencies could not be offset against other income. The government also introduced a 1 percent Tax Deducted at Source (TDS) on digital assets and proposed to issue a Digital Rupee, or Central Bank Digital Currency (CBDC) in the fiscal year 2022-2023 which could be taken as a confirmation of Lok Sabha Bulletin. The introduction of the tax on cryptocurrency gains was widely considered a form of legal recognition of cryptocurrency but this notion is debunked by the Chief of the Central Board of Direct Taxes, J.B. Mohapatra. He said that income tax on cryptocurrency will help access the cryptocurrency market in India.

CONCLUSION

The crux of this cryptocurrency research is that cryptocurrency is no longer a strange concept. It is now a part of the global financial ecosystem, and people are showing interest and support for it irrespective of their national borders. Cryptocurrency, like any other technology, has downsides that can be minimized with adequate legal regulations. Cryptocurrency has the potential to become a worldwide currency since it provides an efficient, distinct, and quick transaction method. Despite the lack of regulations, cryptocurrency investors in India are increasing at an exponential rate, demonstrating the potential of cryptocurrency. Now is the time for the Indian government to recognize cryptocurrencies and take the necessary actions to regulate them. The lack of regulations is one of the main concerns of cryptocurrency investors from India. This not only makes them vulnerable to malicious activities but also pins them mentally as uncertainty persists regarding their future position. One of the biggest concerns of Indian cryptocurrency investors is the lack of regulations. This not only renders individuals vulnerable to malicious activities but also mentally imprisons them since uncertainty about their future position persists. Since cryptocurrency functions outside national boundaries, leaders who believe that a nation's obligation is limited to its citizens are mistaken and have taken an irrational approach. If malicious activity in cryptocurrency is occurring but only causing suffering in one nation, this does not indicate that it is not occurring within your national boundary or will be limited to the targeted nation. In fact, similar to COVID'19, it will begin targeting your citizens and spreading havoc one day. To avoid such attacks, it is vital to remain together rather than be divided. To build successful global regulations and approaches toward the cryptocurrency network, all heads of state must collaborate and address the interest of the public at large.