

CRYPTOCURRENCY: GLOBAL REGULATIONS AND INDIA'S STAND

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Abstract

This article examines the evolving landscape in the area of cryptocurrency regulation. In this study, the genesis of cryptocurrency and its evolution to the present day has been examined. The two competing perspectives pertaining to regulation of cryptocurrencies has been covered and presented the need on why these should be regulated. We look at the trajectory of regulations across the globe. We then examined the regulations in the Indian context, the issues and participants involved and attempted to explore possible solutions.

Introduction

Digital finance and cryptocurrencies are here to stay. Increased globalization and innovations in technology are reshaping the future of how financial transactions occur. Cryptocurrencies are gathering considerable public interest and demonstrating an increase in perceived value. But despite their having been in existence for many years now, there is considerable ambiguity with regard to their regulations. Here, we have examined what cryptocurrencies are and why widely divergent views exist with respect to the regulation of cryptocurrencies.

Cryptocurrencies are digital entities which are designed to work similar to currency through a computer network and are not controlled by a monitoring authority like a Central Bank. The best known cryptocurrency is called Bitcoin, but there are others that go by the names of Ethereum, Dogecoin,

USDTether etc. Bitcoin has had a price increase from USD5000 in 2020 to USD 63,000 in April 2021 and to a high of USD125,000 recently^[1]. Market capitalization of the crypto ecosystem was estimated to be around USD 4.17 trillion as of September 2025^[2]. These serve as means of payment or exchange, provide an avenue to access goods and services and function as securities. However, the world is still divided on whether these can be treated as alternatives to fiat (paper) currency and whether these should be regulated or not.

There are primarily two schools of thought with regard to regulation of cryptocurrencies. The first group is of those who favour cryptocurrencies. They say that the transactions are cheaper, faster, offer anonymity and yield higher returns of investment. Further, record keeping of transactions is undertaken by anonymous entities through immutable digital contracts. These transactions do not require an intermediary and thus, help to contain higher transaction costs. The system allows for 24X7 operation and is always available irrespective of time-zones of operation. It is argued that therefore, cryptocurrencies can be allowed to operate as such, with little or no supervision or Government control. However, those who disfavour these currencies provide a contrary point of view. They highlighted the lack of Government control and possibility of usage to finance terrorism. These may serve as conduits for money laundering, given the anonymity involved in the transactions. When used as a payment mechanism, there is limited protection

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¹ Cryptocurrency Prices Source: TradingView. "Bitcoin.", available at <https://www.tradingview.com/symbols/BTCUSD/>

² Cryptocurrency Prices Today By Market Cap, Forbes, September 13 2025, available at <https://www.forbes.com/digital-assets/crypto-prices/>

to buyers and sellers if there is a breakdown in the transaction. Further, when these cryptocurrencies are treated as assets and held on as investments, their nature changes to a security. Given the volatility in its value, it becomes a prime candidate for speculation. When it comes to protection of the interests of the minority investor, the role that Governments and a strong legal framework play can not be ignored.

In this article, the two competing perspectives pertaining to regulation of cryptocurrencies have been examined. This study is in the Indian context, while being studying the regulations adopted by other countries. The development and adoption of these cryptocurrencies over the years, the issues involved have been examined and possible solutions have been explored.

Brief Background

The concept of Cryptocurrencies originated when a pseudonymous developer Satoshi Nakamoto, published a paper titled 'Bitcoin: A Peer-to-Peer Electronic Cash System' in October 2008^[3]. This white paper outlined to the world how a digital currency may exist. It laid down the possibilities of how transactions can be verified and records maintained, by a decentralized technology called 'Blockchain'. By 2010, commercial transactions using Bitcoin had begun to take place.

The advantage of using blockchain technology is that every transaction is recorded on a digital ledger which is distributed across all participants. As the ledger is distributed across the system with information available to all involved, failure of a particular system presents no risk. Creation of new monetary units is controlled by an algorithm and the unit, thus, created has no physical form, existing only digitally. Its supply is not decided by a Central Bank or monetary authority, but by a digital protocol. The system is designed such that the first transaction in

a block is started by the creator of the block. New elements are created in the block by 'miners' who solve complex mathematical puzzles to find a hash value that satisfies certain preset conditions.

Transfer of value takes place between peers on a decentralised distributed ledger. If X wanted to sell crypto assets to Y, Y would broadcast the details of entities involved, amount and transaction fees. Decentralised independent validators would then compete among themselves to verify the transaction. The validator selected adds the transactions to the existing blockchain and gets paid in transaction fees or sometimes with crypto assets. The changed blockchain is then circulated to all validators and users. The trail of transactions is, thus, there for everyone to see and ensures transparency while not disclosing the identities of the people behind the transactions. These transactions take up a lot of computing power and electricity; and are practically impossible to reverse.

Another feature of blockchain is the availability of smart contracts^[4]. Smart contracts are self-executing computer codes that work based on specific prior criteria. These allow for programmability and composability. Programmability permits developers to top up existing blockchains with their code and composability allows performance of complex transactions on the same blockchain by blending multiple instructions within a single smart contract. They, thus, permit modifications, transcend borders and in some instances do away with intermediaries. Allowing for crypto services has augmented the field of Decentralised Finance (DeFi). DeFi protocols allow lending, trading and providing insurance in the crypto ecosystem using multiple smart contracts.

Generally, cryptocurrencies are broadly of two types - Stablecoins and unbacked crypto assets. Stablecoins are designed to maintain a stable value, by tying its value to a basket of assets including national

³ Nakamoto, S. (2008). Bitcoin: A peer-to-peer electronic cash system. Available at SSRN 3440802

⁴ Smart Contracts, available at : <https://www.ibm.com/think/topics/smart-contracts>

currencies, commodities or financial instruments. As these offer reduced price swings as compared to Bitcoin, they make transactions safer for traders. The present market value of Stablecoins has crossed US\$200 billion as per Global Financial Stability Report (GFSR), released by International Monetary Fund (IMF) in April 2025. The other type of cryptocurrencies are unbacked crypto assets⁵. These are the oldest form of crypto, whose value is decided by the forces of demand and supply. Their value is not pegged to any currency or asset.

On the face of it, this all looks pretty good. If a system permits one to conduct financial transactions faster and cheaper and does not need intermediaries, thus, saving on costs and time, it merits adoption. There would be no need for exchange rates or related conversion charges or transaction fees. Cross-border transactions can take place without the mediation of a trusted third-party. However, things are not as simple as that. Firstly, though cryptocurrencies were envisioned with decentralisation in mind, the reality is different. Multiple centralised intermediaries (exchanges and cryptowallets) like Mt.Gox, Binance, Coinbase and FTX have played a key role in funds transfers in and out of the crypto ecosystem. Some such intermediaries have failed leading to the downfall of the entire system. When Mt.Gox failed, an estimated 8,50,000 bitcoins and about USD450 million were lost⁶. Secondly, many unbacked crypto-assets are no longer used for payments or as a means of exchange but have since become fodder for speculation. The IMF GFSR of April 2025 notes that shocks originating in the stock market tend to spillover to Bitcoin (BTC) trade. The price of BTC has been found to

oscillate as much as 10% in a span of a few hours. In October 2025, subsequent to US announcing an additional 100% tariff on Chinese imports, the cryptocurrency market crashed with an estimated 1.6 million traders suffering losses exceeding USD19 billion⁷. Increasing interconnectedness between bitcoin and mainstream financial markets has made it necessary to undertake close monitoring of financial risks as they emerge. Thirdly, the anonymity offered by blockchain transactions have led to increase in money laundering and financing of terrorism⁸. An estimated USD22.2 billion is believed to have been laundered through cryptocurrencies in 2023⁹. Reports cite these numbers to be on the rise, with one report pegging it to exceed USD 40.9 billion as of 2024¹⁰.

The Need to Regulate Cryptocurrencies

The need of regulating cryptocurrencies are: First, to combat the use of funds for illegitimate activities, money laundering or financing terrorism, second, protecting consumers against frauds and third, ensuring the integrity of markets, financial systems and safeguarding financial stability. To combat the use of crypto assets to fund illicit activities or financial terrorism, rules and regulations need to be enforced upon market intermediaries like crypto wallets. Adherence to Anti Money Laundering/Combating of Financial Terrorism (AML/CFT) guidelines, investor and consumer protection laws need to be ensured. Regulations need to target the interoperability of crypto assets where in regulated entities are involved in conversion of sovereign currency to crypto assets and vice-versa. If financial institutions undertake trade in these assets either by themselves or on behalf

⁵ Financial stability risks from cryptoassets in emerging market economies, BIS Papers, No.138, August 2023, Bank of International Settlements, available at <https://www.bis.org/publ/bppdf/bispap138.pdf>

⁶ Mt.Gox scandal puts spotlight on bitcoin security, Worldfinance.com, available at <https://www.worldfinance.com/markets/mtgox-scandal-puts-spotlight-on-bitcoin-security>

⁷ Bitcoin, Ether Crash: Over \$19 Billion Wiped Out As Crypto Markets Crash, 'Worst-Ever Liquidation', Cryptocurrency News – News18, October 11 2025, available at <https://www.news18.com/business/cryptocurrency/bitcoin-ether-crash-over-19-billion-wiped-out-as-crypto-markets-crash-worst-ever-liquidation-ws-l-9629385.html>

⁸ Do Digital currencies and cryptocurrencies pose a higher risk of money laundering? , UK Finance.org, available at <https://www.ukfinance.org.uk/news-and-insight/blog/do-digital-currencies-and-cryptocurrencies-pose-higher-risk-money-laundering>

⁹ Money Laundering Hit \$22.2 Billion in 2023, With Centralized Exchanges Still the Primary Destination, Brandy Betz, unchainedcrypto.com, February 15, 2024, available at <https://unchainedcrypto.com/crypto-money-laundering-hit-22-2-billion-in-2023-with-centralized-exchanges-still-the-primary-destination/>

¹⁰ 2025 Crypto Crime Trends: Illicit Volumes Portend Record Year as On-Chain Crime Becomes Increasingly Diverse and Professionalized, Chainalysis.com, January 15 2025, available at <https://www.chainalysis.com/blog/2025-crypto-crime-report-introduction/>

of customers, regulations should be developed to address how such deals should take place. The corresponding tax implications should be clearly specified. Third, depending on whether crypto assets are treated as securities with promise of future returns or as generic assets like houses, their legal status would differ. The applicable investor protection regulations and oversight would depend on whether the crypto assets are held and traded as securities or otherwise.

Further, when cryptocurrencies operate in emerging markets, issues tend to compound due to the weak legal enforcement mechanisms and inadequate protection to the minority investors^[11]. The time taken to legally resolve a dispute is longer, often taking years. The interests of the small investor are perceived to be at greater risk as compared to developed economies. The possibility of investors losing their hard-earned money without recourse is real.

Regulations across the globe

When we examine how regulations on cryptocurrencies have shaped up in the past few years across the globe, we see wide variations. In the United States, cryptocurrencies are not considered as legal tender. The Internal Revenue Service (IRS) views cryptocurrencies as digital storehouses of value and has issued tax guidance on the same. The Securities and Exchange Commission (SEC) focuses on Initial Coin Offerings^[12] and tokens, treating them as securities. Exchange are required to comply with SEC regulations that govern trading of securities and investors are provided some protections when trading in crypto assets. The Commodity Futures Trading Commission (CFTC) regulates crypto derivatives

and futures and treats Bitcoin and Ethereum as commodities. The Financial Crimes Enforcement Network (FinCEN) requires crypto exchanges to obtain licenses. The FinCEN enforces compliance with Bank Secrecy Act and Anti-Money Laundering (AML) and Know Your Customer (KYC) requirements to prevent illicit financial activities. US has recently provided approval for stablecoins (those backed by US Dollar)^[13] and the USD5.7 trillion stablecoin market is expected to show phenomenal growth as a result.

The European Union has moved ahead with the Markets in Crypto Assets (MiCA) regulation, which is a comprehensive framework for regulating crypto assets among its member states^[14]. Impacting cryptocurrencies, security tokens and stablecoins, the rules were adopted in April 2023. In Canada, cryptocurrencies are not treated as legal tender^[15]. The tax, security and AML authorities enforcements are applicable. Canada had implemented the Virtual Currency Travel Rule, which extended the regulatory ambit to include cross-border cryptocurrency transactions. In Japan, cryptocurrencies are treated as legal tender. Digital assets such as Bitcoin are referred to as legal property with in their Payment Services Act (PSA). Japan had taken a pro-crypto stand and had instituted a licensing system for exchanges in 2017^[16]. In South Korea, these are not legal tender and in 2017, stringent action was taken prohibiting the use of anonymous accounts in cryptocurrency trading^[17]. In 2018, it was mandated that traders must open accounts at the same bank as their chosen crypto exchange and use their real names for cryptocurrency trading transactions.

¹¹ Allen, F., Chakrabarti, R., De, S., & Qian, M. (2012). Financing firms in India. *Journal of financial intermediation*, 21(3), 409-445.

¹² ICO Explained: What It Is and Successful Examples, Investopedia.com, available at <https://www.investopedia.com/terms/i/initial-coin-offering-ico.asp>

¹³ The GENIUS Act: A Framework for U.S Stablecoin Issuance, sidley.com, July 21, 2025, available at <https://www.sidley.com/en/insights/newsupdates/2025/07/the-genius-act-a-framework-for-us-stablecoin-issuance>

¹⁴ Markets in Crypto-Assets Regulation (MiCA), European Securities and Markets Authority, January 06, 2026, available at <https://www.esma.europa.eu/esmas-activities/digital-finance-and-innovation/markets-crypto-assets-regulation-mica>

¹⁵ Crypto assets, Government of Canada, available at <https://www.canada.ca/en/financial-consumer-agency/services/payment/digital-currency.html>

¹⁶ As China cracks down, Japan is fast becoming the powerhouse of the Bitcoin Market, Luke Graham, cnbc.com, September 29, 2017, available at <https://www.cnbc.com/2017/09/29/bitcoin-exchanges-officially-recognized-by-japan.html>

¹⁷ Is Cryptocurrency legal in South Korea, July 04, 2018, updated June 12, 2023, available at <https://complyadvantage.com/insights/cryptocurrency-regulations-around-world/cryptocurrency-regulations-south-korea/>

China has taken a strong stand against cryptocurrencies. Initial Coin Offerings, (where like Initial Public Offerings, a company raises funds to launch a new blockchain app or service), were outlawed in 2017^[18]. Bitcoin China and several exchanges were shut down at the same time. Before this ban, the Chinese currency, Renminbi made up to 90 percent of bitcoin trades worldwide. In 2021, all cryptotrading by Chinese nationals were mandated as illegal, even the ones on foreign bourses. As of August 2025, the yuan's share as a global payments currency is less than 3%. However, the recent approval for stablecoins granted by the US is likely to prompt a different regulatory response from China. Bloomberg has reported that China is looking to join the game by issuing licences for Hong Kong Dollar Stablecoins^[19]. Hong Kong is a global financial centre and the crucible for China's crypto experiments and is expected to host digital copies of the yuan or its offshore variant : the CNH.

India's stand

Cryptocurrencies caught on in India in 2012. In 2013, a Mumbai-based restaurant 'Kolonial' announced that its customers can make payments in bitcoins^[20]. The Financial Stability Report released by the Reserve Bank of India in June 2013, mentioned the challenges posed by virtual currencies. Considering the growth of virtual currencies, the RBI stressed the need for a comprehensive regulation. In December 2013, RBI's press release further decried the unauthorised status of virtual currency payments^[21]. At around the same time, Enforcement Directorate raided two bitcoin firms in Ahmedabad, in what became India's first legal action on a trading firm. However, between 2012-

2016, cryptocurrencies gained momentum in India. Crypto exchanges such as Zebpay, Coin Secure and Uno Coin began operations here, thus, bringing in depth and volume to cryptotrading in the country.

Demonetisation in November 2016 led to surge in digital payments across the country. Cryptocurrencies also benefited from this policy initiative, with bitcoin surging in value from USD 757 to USD 1020 in India in the 18 days post demonetisation^[22]. Their value in the US at that time continued to be USD770 a piece. In February 2017, RBI's press release cautioned the users of Virtual Currencies (VCs), about the exposure to potential financial, operational, legal, customer protection and security related risks^[23]. It further advised that it has not given any licence or authorisation to any entity or company to deal with virtual currencies and that users doing so were doing at their own risk. In November 2017, a high level Inter-Ministerial committee (IMC) was formed under the aegis of the Ministry of Finance, Government of India, to examine the issues associated with cryptocurrencies. The committee submitted its report in 2019^[24].

This report suggested that Distributed Ledger Technology (DLT) can be used by Banks and financial institutions for loan-issuance tracking, management of collateral, fraud detection, insurance claim management and reconciliation in securities market. The report documented that crypto currencies lack intrinsic value and are volatile. They operate in decentralised networks with no central authority. The transaction in cryptocurrencies are irreversible and if a wrong transaction has been made, there is no method of redress. Losing the private key (akin to

¹⁸ Cryptocurrency Regulations around the World, China, available at <https://complyadvantage.com/insights/cryptocurrency-regulations-around-world/>

¹⁹ Wait for Stablecoins to Whip up US-China Rivalry, Andy Mukherjee, Bloomberg.com, September 8, 2025, available at <https://www.bloomberg.com/opinion/articles/2025-09-07/stable-coins-are-set-to-whip-up-us-china-geopolitical-rivalry>

²⁰ From eatery to meetup, entrepreneurs increasingly accepting 'bitcoins' in India, Indu Nandakumar, ET Bureau, December 25 2013, available at <https://economictimes.indiatimes.com/small-biz/startups/from-eatery-to-meetup-entrepreneurs-increasingly-accepting-bitcoins-in-india/articleshow/27871965.cms?from=mdr>

²¹ RBI cautions users of Virtual Currencies against Risks, RBI Press Release, December 24 2013, available at https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=30247

²² India's Demonetization Is Causing Bitcoin To Surge Inside The Country, Karan Kashyap, forbes.com, December 22 2016, available at <https://www.forbes.com/sites/krnkashyap/2016/12/22/-indias-demonetization-is-causing-bitcoin-to-surge-inside-the-country/?sh=7f985ec37dfc>

²³ RBI Cautions users of virtual currencies, Press Release, February 1 2017, available at <https://www.rbi.org.in/commonman/English/scripts/PressReleases.aspx?d=2152#:~:text=The%20Reserve%20Bank%20of%20India,release%20dated%20December%2024%2C%202013.>

²⁴ Press Release on Report and Bill of the IMC on Virtual Currencies, available at <https://dea.gov.in/press-release/press-release-archive>

a password) of a virtual currency wallet could mean that the money in the wallet is lost permanently. The amounts stored in wallets and raised through Initial Coin Offerings were being stolen using malware or through phishing. Consumers were, thus, subject to financial risk. The use of cryptocurrencies provided the participants with a greater degree of anonymity which, the Committee perceived may be used to financing money laundering or financing of terrorism. It was difficult for law enforcement agencies to track down people involved in these actions. While registering cases and framing charges, the ambiguous legal status of these assets were seen to create problems. To top it all, the mining of virtual currencies are resource intensive and the huge requirement of electricity is a drain on the environment. The Committee taking into account the fact that cryptocurrencies have not been recognized as legal tender in any jurisdiction at that point in time, noted that these are private enterprises and cannot replace fiat currency. Given the risks involved in cryptocurrencies, the group recommended banning of private cryptocurrencies and asked for fines and penalties for connected activities. The report, however, proposed that an official digital currency can be explored and that a Standing Committee may be established to examine the evolving cryptocurrency domain.

Meanwhile, the RBI issued a circular on April 6, 2018, which mandated that entities regulated by the RBI “shall not deal in Virtual Currencies (VCs) or provide services for facilitating any person or entity in dealing with or settling VCs. Such services include maintaining accounts, registering, trading, settling, clearing, giving loans against virtual tokens, accepting them as collateral, opening accounts of exchanges dealing with them and transfer/receipt of money in accounts relating to purchase/sale of VCs”^[25]. The circular instructed that any regulated entity providing such services to Virtual Currencies should exit the relationship within three months from

the date of the circular. The circular had a massive impact on the crypto ecosystem in India. Since, the cryptocurrency exchanges relied on traditional banking channels for interface between crypto currencies and fiat currencies, these activities came to a standstill. Payment of routine expenses and obligations suffered. Trading volumes declined severely and customers began to desert the exchanges to mitigate potential losses. In response to the disruption in their services, exchanges affiliated with the Internet and Mobile Association of India (IMAI) filed a writ petition with the Supreme Court challenging the constitutional validity of the RBI circular. Earlier, in 2017, two writ petitions had been lodged requesting for a ban on virtual currencies and on websites and mobile applications which dealt with crypto assets. The Supreme Court, in its judgement in March 2020, considered the writ petitions (those for and against) and overturned the ban by ruling in favour of the exchanges^[26]. The Court noted the delicate balance required in allowing innovation and preventing misuse. It affirmed the role played by regulatory institutions in issuing directives to manage the risks associated with cryptocurrencies. Following this landmark judgement, several crypto exchanges and traders resumed their dealings. However, many decided to desist as there was uncertainty. In 2019, Indian residents received Income Tax notices pertaining to transactions in cryptocurrencies, asking them to submit information pertaining to income generated from cryptocurrency dealings, which had not been included in their tax returns.

While the Supreme Court was considering the case pertaining to RBI circular, the Ministry of Finance proposed a Draft Bill to create a comprehensive framework to regulate cryptocurrencies in India. The bill titled ‘Banning of Cryptocurrency and Regulation of Official Digital Currency Bill, 2019’ proposed the banning of use of cryptocurrency as legal tender or currency in India. The Bill prohibits mining,

²⁵ Prohibition on dealing in Virtual Currencies, RBI, April 6, 2018, available at <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11243&Mode=0>

²⁶ Internet and Mobile Association of India v Reserve Bank of India, Supreme Court of India, 4 March 2020, available at: main.sci.gov.in/supremecourt/2018/19230/19230_2018-_4_1501_21151_Judgement_04-Mar-2020.pdf

buying, holding, selling, dealing, issuing or using cryptocurrencies within the country. It also seeks to prohibit the use of cryptocurrencies as a medium of exchange, store of value or as a payment system. Trading with other such currencies, using them to generate credit, for raising funds or investment is sought to be banned. Penalties for offenses could result in fines upto INR 250 million or imprisonment up to 10 years or both. Any individual who directly or indirectly solicits or encourages any co-operation in any movement involving the use of cryptocurrency is likely to be punished by fines or imprisonment upto 7 years or both. Further, the bill grants the Central Government the authority, in consultation with RBI to approve a digital currency as legal tender and to allow foreign digital currencies as foreign currencies in India, subject to Foreign Exchange Management Act, 1999 (FEMA). Though this bill has not yet been passed, it has supported the creation of India's e-Rupee, the Central Bank Digital Currency (CBDC).

The Government of India has introduced a 30% tax on income generated from cryptocurrencies in 2021 and a 1% Tax Deducted at Source (TDS) on transactions above a certain threshold, vide section 115BBH inserted in the Finance Act, 2022 effective from April 1 2023^[27]. The tax rules mandate that no deductions other than cost of acquisition is allowed and losses from crypto assets cannot be offset against other income. In 2023, crypto exchanges were mandated to register with Financial Intelligence Unit - India (FIU-IND), the authority overseeing enforcement of AML/KYC guidelines under the Prevention of Money Laundering Act, 2002 (PMLA)^[28]. As of 2025, the CBDC, digital rupee pilot has expanded. In February 2025, Section 285BAA of India's Finance Bill has

mandated that FIU-registered exchanges should maintain detailed transaction records. In May 2025, the Supreme Court urged the Government to issue clear directions to regulated digital assets, owing to the possibility of misuse, use in illegal activities and considering their destabilizing effect on Indian economy^[29]. In 2023, FIU-IND had issued compliance notices to offshore crypto exchanges, following which in January 2024, Uniform Resource Locators (URLs) of these exchanges were blocked^[30]. One such exchange, KuCoin paid Rs. 3.45 lakh fine and has resumed operations since March 2024. During May-June 2024, another exchange Binance paid Rs.188 crore fine and began operations. In September 2025, a third crypto exchange, the Dubai-headquartered Bybit, the world's second-largest by trading volume, has re-entered the market post compliance overhaul and payment of penalty^[31].

Way Forward

The cryptocurrencies in India would require stringent regulations and supervision by various regulators and Government agencies such as the Enforcement Directorate to monitor use of cryptocurrency in economic offences, the Securities and Exchanges Board of India (SEBI) for crypto assets being treated as securities, the Department of Economic Affairs, for impact of cryptocurrencies on the policies of the State and India's Tax authorities, for jurisdiction on tax implications of trading and use of cryptocurrencies. Thus, a co-ordinated effort among various regulators and their respective departments would be needed on an ongoing basis to establish a comprehensive regulation examining different facets of the cryptocurrency. Given the inroads already

²⁷ Section 115BBH, available at <https://incometaxindia.gov.in/pages/acts/income-tax-act.aspx>

²⁸ Registration of Virtual Digital Asset Service Providers in FIU-India as Reporting Entity-reg., [fiuind.gov.in](https://fiuindia.gov.in/pdfs/downloads/VDASPO4072023.pdf), July 04, 2023, available at <https://fiuindia.gov.in/pdfs/downloads/VDASPO4072023.pdf>

²⁹ Supreme Court calls crypto laws obsolete, urges govt to act on regulation, Md Zakariya Khan, Business Standard, May 30 2025, available at https://www.business-standard.com/india-news/supreme-court-crypto-laws-obsolete-govt-urged-to-regulate-bitcoin-125053001266_1.html

³⁰ The Future of Crypto Exchanges in India After FIUIND Crackdowns, Finlaw consultancy, August 22, 2025, available at <https://finlaw.in/blog/the-future-of-crypto-exchanges-in-india-after-fiuind-crackdowns>

³¹ CAM steers crypto-exchange Bybit's India return, lays out playbook, ETLegalWorld, September 10, 2025, available at <https://legal.economicstimes.indiatimes.com/news/industry/cam-steers-crypto-exchange-bybits-india-return-lays-out-playbook-for-others/123802033>

made in using blockchain infrastructure, the same may be utilised to base the regulatory landscape of cryptocurrencies under RBI. The Centralised KYC portal may be used to ascertain the identity of individuals involved in the transactions. SEBI may step in with guidelines and institute stringent guidelines on end-use of funds and limits on retail investor participation. For trade transactions, mechanism for initiating refund has to be envisaged where in the event of a transaction failure, funds are not lost and are returned to their rightful owners within a specified time frame. Measures may be instituted to identify and earmark cryptocurrency transactions through a central depository with information being made available to law enforcement authorities under due authorisation. Our regulations have always sought to provide the ordinary investor with the power to make decisions and be protected from mala fide intentions. Once safeguards are in place, our nation of more than 1.41 billion people would have an additional option to grow and advance!

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