

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
RAJYA SABHA
STARRED QUESTION NO. *79
ANSWERED ON 09.02.2021

TRADING IN CRYPTOCURRENCY

79#. SHRI SUSHIL KUMAR MODI:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that a ban was imposed on Bitcoin trading in 2018 which was later on lifted by the Hon'ble Supreme Court;
- (b) whether other cryptocurrencies are still under ban;
- (c) whether it is also a fact that despite the ban, illegal trading of cryptocurrency is still being done on a large scale; and
- (d) if so, by when Government proposes to issue strict guidelines in this regard keeping in view the risk involved therein?

ANSWER

THE FINANCE MINISTER
(SMT. NIRMALA SITHARAMAN)

(a) to (d) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO RAJYA SABHA STARRED QUESTION NO. 79# RAISED BY SHRI SUSHIL KUMAR MODI, HON'BLE MEMBER OF PARLIAMENT TO BE ANSWERED ON 09.02.2021 REGARDING 'TRADING IN CRYPTOCURRENCY'

(a) to (c) In view of the risks associated with Virtual Currencies (VCs), including Bitcoins, Reserve Bank of India (RBI), vide circular dated April 6, 2018, had advised all the entities regulated by it not to deal in VCs or provide services for facilitating any person or entity in dealing with or settling VCs.

However, the Hon'ble Supreme Court, vide judgement dated March 4, 2020 in WP (C) No. 528 of 2018 and WP (C) No. 373 of 2018, had set aside the above circular dated April 6, 2018.

(d) It was announced in the Budget Speech for 2018-19 that "The Government does not consider crypto-currencies legal tender or coin and will take all measures to eliminate use of these crypto-assets in financing illegitimate activities or as part of the payment system. The Government will explore use of block chain technology proactively for ushering in digital economy." A High-Level Inter-Ministerial Committee (IMC) constituted under the Chairmanship of Secretary (Economic Affairs) to study the issues related to VCs and propose specific actions to be taken in this matter recommended in its report that all private cryptocurrencies, except any cryptocurrency issued by the State, be prohibited in India. The Government would take a decision on the recommendations of the IMC and the legislative proposal, if any, would be introduced in the Parliament following the due process.
