



Crypto Community V/s Union of India: Where is it Heading?

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As people would be aware, India is all set to have its general elections which will start this year from April. Before that, the cryptocurrency community is hoping that it gets a ruling- any ruling- on the status of cryptocurrency exchanges and trading.

Since the past one year, the Indian community, through its representatives have been fighting various government agencies in the Supreme Court, such as the Reserve Bank of India (RBI) asking them to reconsider the ban that was imposed on Indian banks which prevented them from working with India-based cryptocurrency exchanges.

At the time, the deputy governor of the RBI, BP Kanungo had said, “Regarding Ring-Fencing regulated entities from virtual currencies, digital tokens issued by private parties are getting international attention for quite some time, for their speculative value. Internationally, the regulatory response to these tokens are not uniform. It is universally failed that it is seriously undermine the airmail and FATF framework, adversely impact market integrity and capital controls.”

Kanungo had added, “If they grow beyond a critical size they can financial stability as well. In the past RBI had cautioned on three occasions the members of public regarding the various risks they are undertaking by exposing themselves to cryptocurrency. Now we have decided to ring-fence the RBI regulated Entities from the risk of dealing with entities associated with dealing with virtual currencies. They are required to stop having relationship with entities dealing with virtual currencies within three months.”

In the intervening time, Supreme Court has announced a number of dates and adjournments, urging the Union of India to come up with guidelines to govern cryptocurrencies. The adjournments were chiefly due to delays in filing counter petitions by the respondent (Union of India).

Recently, a Supreme Court lawyer, Abraham C Mathews, recently posted an article against regulating bitcoin and other cryptocurrencies. With regard to the RBI imposing its infamous ban, Mathews had said, “This is, unfortunately as far as the central bank can go. You cannot regulate (remember, regulation also works as assurance to citizens who deal with regulated entities) something that you do not have some semblance of control over. Suppose a Bitcoin exchange is registered with the government, or the RBI, and

Let's say, it gets hacked, the probability of the coins being recovered or the perpetrators being discovered is alarmingly low. Nothing that the government introduces or requires can change this fact."

As of now, the matter stands thus: A two-judge bench led by Justices, Rohinton F Nariman and Vineet Saran extended the deadline by a month (on March 25) to the Union of India to come up with rules and regulations. Supreme Court advocate, Rohan Dwaipayan Bhowmick told Crypto-News India, "4 weeks time has been provided as a last opportunity to the Union of India in order to file the rules and regulations."

There has been a few occasions where a silver lining has not seemed impossible. In 2019, an Indian law firm, [Nishith Desai Associates was invited by the Government of India](#) to put forward their suggestions on cryptocurrency regulations.

Personally, we believe that the matter will not be decided before the general elections take place. However, if somehow all the parties (in the petition), miraculously get their acts together and help the Supreme Court, come to a decision, that would seriously be considered as an Act of God.

Let's hope that 'last opportunity' is really meant in spirit, because honestly this litigation has gone on long enough and deserves a speedy conclusion.