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Cryptocurrency: Evolution, Functioning, Legal Framework and Future Prospects with Special Reference to India

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Abstract:

Cryptocurrency has emerged as one of the most disruptive innovations in the financial ecosystem. From its early conceptualization in the 1980s to the launch of Bitcoin in 2009, digital currencies have evolved into a global phenomenon. This paper traces the history and meaning of cryptocurrencies, explains their functioning through blockchain technology and examines prominent types such as Bitcoin, Ethereum and Ripple. It highlights the advantages and disadvantages of digital currencies, including opportunities for investment, challenges in security and the risk of fraud and scams. The study also evaluates the legal and regulatory framework in India, where the stance on cryptocurrencies has oscillated between bans, cautious acceptance and taxation. With growing investor interest, India's government has moved toward regulation rather than prohibition, as seen in its taxation regime and the planned launch of the Reserve Bank of India's digital currency. The paper concludes with policy recommendations for transparent regulation, robust security measures and entrepreneurial opportunities, indicating that while volatility and risks persist, cryptocurrencies are poised to become a significant part of India's digital economy.

Key Words: Cryptocurrency, Bitcoin, Blockchain, Digital Assets, Crypto Regulation in India, RBI Digital Currency, Crypto Investment, Crypto Scams

Introduction:

History of Cryptocurrency:

The history of cryptocurrencies can be traced back to the 1980s, when they were called cyber currencies. The cryptocurrency was first mentioned in 1989 and a few years after in 1980, American cryptographer David Chaum invented digital cash, which relied on cryptography to secure and verify transactions. But it was only in the early 1990s that cryptographic protocols and software began to be developed that would make possible the creation of a truly decentralized digital currency. These coins started gaining in popularity in 2008 with the introduction of Bitcoin. Bitcoin is a cryptocurrency and worldwide payment system. Satoshi Nakamoto created the Bitcoin protocol in 2009, the same year it launched as open-source software. Bitcoin has become increasingly popular with people who need to send money across borders without interference from banks or governments. Still, its rapid rise in value has made it difficult for some people to

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know what they should do with their Bitcoins. The first Bitcoin transaction took place between Nakamoto and Hal Finney on 12th January, 2009.

In early 2010, Bitcoin was the only cryptocurrency in the market. At that time, its price was just a few cents. Over the next few years, new digital currencies entered the market and their prices rose and fell along with Bitcoins. Throughout this period of volatility, many people lost faith in cryptos as an investment vehicle. However, beginning in late 2017, cryptos began to see unprecedented growth. The total market cap for all cryptocurrencies reached $820 billion in January 2018 before crashing later that month. Despite this crash, the crypto market has seen steady growth throughout.

Meaning of Cryptocurrency:

"Crypto" refers to the various encryption algorithms and cryptographic techniques that safeguard these entries, such as elliptical curve encryption, public-private key pairs and hashing fun8ctions. Cryptocurrency is a digital payment system that doesn't rely on banks to verify transactions. It's a peer-to-peer system that can enable anyone anywhere to send and receive payments without the use of third-party intermediaries. Instead of being physical money carried around and exchanged in the real world, cryptocurrency payments exist purely as digital entries to an online database describing specific transactions. When you transfer cryptocurrency funds, the transactions are recorded in a public ledger. Cryptocurrency is stored in digital wallets.

Cryptocurrencies can be mined or purchased from cryptocurrency exchanges. Not all ecommerce sites allow purchases using cryptocurrencies. In fact, cryptocurrencies, even popular ones like Bitcoin, are hardly used for retail transactions. However, the skyrocketing value of cryptocurrencies has made them popular as trading instruments. To a limited extent, they are also used for cross-border transfers.

Cryptocurrency received its name because it uses encryption to verify transactions. This means advanced coding is involved in storing and transmitting cryptocurrency data between wallets and to public ledgers. The aim of encryption is to provide security and safety.

The first cryptocurrency was Bitcoin, which was founded in 2009 and remains the best known today. Much of the interest in cryptocurrencies is to trade for profit, with speculators at times driving prices skyward.

Types of Cryptocurrency:

There are thousands of cryptocurrencies. Some of the best known include:

Bitcoin:

The first type of crypto currency was Bitcoin, which to this day remains the most-used, valuable and popular Founded in 2009, Bitcoin was the first cryptocurrency and is still the most commonly traded. The currency was developed by Satoshi Nakamoto – widely believed to be a pseudonym for an individual or group of people whose precise identity remains unknown. Bitcoin's place as the most valuable cryptocurrency has never been in doubt. The premier digital asset's global appeal and high liquidity makes it one of the best day trading cryptocurrency options. Users of this asset have a massive opportunity to enjoy arbitrage trading as well.

Ethereum:

Developed in 2015, Ethereum is a blockchain platform with its own cryptocurrency, called Ether (ETH) or Ethereum. It is the most popular cryptocurrency after Bitcoin.

Litecoin:

This currency is most like bitcoin but has moved more quickly to develop new innovations, including faster payments and processes to allow more transactions.

Ripple:

Ripple is a distributed ledger system that was founded in 2012. Ripple can be used to track different kinds of transactions, not just cryptocurrency. The company behind it has worked with various banks and financial institutions.

Lucky Block (LBLOCK): This lottery token has a lot of prospects and it has drawn massive attention despite being a new coin. LBLOCK is the native token for Lucky Block. The platform was built with the aim of disrupting the online gaming industry, using blockchain technology to transform the way gamblers play online games. Lucky Block uses the blockchain to ensure transparency and fairness in transactions.

Working of Cryptocurrency:

Cryptocurrencies run on a distributed public ledger called blockchain, a record of all transactions updated and held by currency holders. A blockchain is a digitally distributed, decentralized, public ledger that exists across a network. It is most noteworthy in its use with cryptocurrencies and NFTs. As its name indicates, blockchain is essentially a set of connected blocks or an online ledger. Each block contains a set of transactions that have been independently verified by each member of the network. Every new block generated must be verified by each node before being confirmed, making it almost impossible to forge transaction histories. The contents of the online ledger must be agreed upon by the entire network of an individual node, or computer maintaining a copy of the ledger.

Units of cryptocurrency are created through a process called mining, which involves using computer power to solve complicated mathematical problems that generate coins. Users can also buy the currencies from brokers, then store and spend them using cryptographic wallets.

If anybody owns cryptocurrency, he/she doesn’t own anything tangible. What he/she owns is a key that allows him/her to move a record or a unit of measure from one person to another without a trusted third party.

Although Bitcoin has been around since 2009, cryptocurrencies and applications of blockchain technology are still emerging in financial terms and more uses are expected in the future.

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Transactions including bonds, stocks and other financial assets could eventually be traded using the technology.

Advantages and disadvantages of Cryptocurrency:

Cryptocurrencies were introduced with the intent to revolutionize financial infrastructure. As with every revolution, however, there are trade-offs involved. At the current stage of development for cryptocurrencies, there are many differences between the theoretical ideal of a decentralized system with cryptocurrencies and its practical implementation.

Some advantages and disadvantages of cryptocurrencies are as follows:

Cryptocurrency has the following advantages

- Funds transfer between two parties will be easy without the need of third party like credit/debit cards or banks
- It is a cheaper alternative compared to other online transactions
- Payments are safe and secured and offer an unprecedented level of anonymity
- Modern cryptocurrency systems come with a user "wallet" or account address which is accessible only by a public key and pirate key. The private key is only known to the owner of the wallet
- Funds transfer are completed with minimal processing fees.

Cryptocurrencies have the following disadvantages.

- The almost hidden nature of cryptocurrency transactions makes them easy to be the focus of illegal activities such as money laundering, tax-evasion and possibly even terror-financing.
- Payments are not irreversible.
- Cryptocurrencies are not accepted everywhere and have limited value elsewhere.
- There is concern that cryptocurrencies like Bitcoin are not rooted in any material goods. Some research, however, has identified that the cost of producing a Bitcoin, which requires an increasingly large amount of energy, is directly related to its market price.

Why to invest in cryptocurrency?

If an investor believes in the technology-backed digital currency, then cryptocurrency should be his choice. Just a decade-old asset class, it has yielded astronomical returns over the years. Some investors look to use these digitally coded tokens to hedge against inflation. Despite high volatility and speculations, there are multiple reasons that they can become mainstream in the coming future.

How to invest in cryptocurrency?

It's not a very difficult task to invest in cryptocurrency, thanks to the easy access available to crypto exchanges and deep penetration of the internet and smartphones. Technology has eased the access to digital currencies for potential investors. To invest in cryptocurrencies, investors need to first do some homework for choosing the right cryptocurrency and crypto exchange. One can buy these currencies using their home currencies, or US dollars, from his/her preferred exchange.

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However, there are some currencies that accept investment only in Bitcoins or other cryptocurrencies.

Tips to Invest in Cryptocurrency Safely:

According to Consumer Reports, all investments carry risk, but some experts consider cryptocurrency to be one of the riskier investment choices out there. If anybody is planning to invest in cryptocurrencies, these tips can help you make educated choices.

Research Exchanges: Before going to invest, learn about cryptocurrency exchanges. It's estimated that there are over 500 exchanges to choose from. Do research, read reviews and talk with more experienced investors before moving forward.

Know how to store digital currency: If cryptocurrency is bought, it should be stored. One can keep it on an exchange or in a digital wallet. While there are different kinds of wallets, each has its benefits, technical requirements and security.

Diversify Investments: Diversification is key to any good investment strategy and this holds true when investing in cryptocurrency. Don't put all your money in Bitcoin, for example, just because that's the name you know. There are thousands of options and it's better to spread your investment across several currencies.

Prepare for Volatility: The cryptocurrency market is highly volatile, so be prepared for ups and downs. One will see dramatic swings in prices. If investment portfolio or mental wellbeing can't handle that, cryptocurrency might not be a wise choice.

Cryptocurrency is all the rage right now, but remember, it is still in its relative infancy and is considered highly speculative. Investing in something new comes with challenges, so be prepared. If you plan to participate, do your research and invest conservatively to start.

Process of Buying Cryptocurrency:

It is wondering how to buy cryptocurrency safely. There are typically three steps involved. These are:

Step 1: Choosing a platform

The first step is deciding which platform to use. Generally, you can choose between a traditional broker or dedicated cryptocurrency exchange:

Traditional brokers. These are online brokers who offer ways to buy and sell cryptocurrency, as well as other financial assets like stocks, bonds and ETFs. These platforms tend to offer lower trading costs but fewer crypto features.

Cryptocurrency exchanges. There are many cryptocurrency exchanges to choose from, each offering different cryptocurrencies, wallet storage, interest-bearing account options and more. Many exchanges charge asset-based fees.

When comparing different platforms, consider which cryptocurrencies are on offer, what fees they charge, their security features, storage and withdrawal options and any educational resources.

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Step 2: Funding into account

Once the platform is chosen, the next step is to fund the account so he/she can begin trading. Most crypto exchanges allow users to purchase crypto using fiat (i.e., government-issued) currencies such as the US Dollar, the British Pound, the Indian Rupees, or the Euro using their debit or credit cards – although this varies by platform.

Crypto purchases with credit cards are considered risky and some exchanges don't support them. Some credit card companies don't allow crypto transactions either. This is because cryptocurrencies are highly volatile and it is not advisable to risk going into debt — or potentially paying high credit card transaction fees — for certain assets.

Some platforms will also accept ACH transfers and wire transfers. (Automated Clearing House network) The accepted payment methods and time taken for deposits or withdrawals differ per platform. Equally, the time taken for deposits to clear varies by payment method.

An important factor to consider is fees. These include potential deposit and withdrawal transaction fees plus trading fees. Fees will vary by payment method and platform, which is something to research at the outset.

Step 3: Placing an order

One can place an order via broker's or exchange's web or mobile platform. If anyone is planning to buy cryptocurrencies, he/she can do so by selecting "buy," choosing the order type, entering the amount of cryptocurrencies you want to purchase and confirming the order. The same process applies to "sell" orders.

There are also other ways to invest in crypto. These include payment services like PayPal, Cash App and Venmo, which allow users to buy, sell, or hold cryptocurrencies. In addition, there are the following investment vehicles:

Bitcoin trusts: One can buy shares of Bitcoin trusts with a regular brokerage account. These vehicles give retail investors exposure to crypto through the stock market.

Bitcoin mutual funds: There are Bitcoin ETFs and Bitcoin mutual funds to choose from.

Blockchain stocks or ETFs: One can also indirectly invest in crypto through blockchain companies that specialize in the technology behind crypto and crypto transactions. Alternatively, you can buy stocks or ETFs of companies that use blockchain technology.

Storage of Cryptocurrency:

Usually, cryptocurrency is stored in crypto wallets, which are physical devices or online software used to store the cryptocurrencies securely. Some exchanges provide wallet services, making it easy to store directly through the platform. However, not all exchanges or brokers automatically provide wallet services.

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There are different wallet providers to choose from. The terms "hot wallet" and "cold wallet" are used:

Hot wallet storage: "hot wallets" refer to crypto storage that uses online software to protect the private keys to assets.

Cold wallet storage: Unlike hot wallets, cold wallets (also known as hardware wallets) rely on offline electronic devices to securely store private keys. Typically, cold wallets tend to charge fees, while hot wallets don't.

Is cryptocurrency safe?

Cryptocurrencies are usually built using blockchain technology. Blockchain describes the way transactions are recorded into "blocks" and time stamped. It's a complex, technical process, but the result is a digital ledger of cryptocurrency transactions that's hard for hackers to tamper with.

In addition, transactions require a two-factor authentication process. For instance, you might be asked to enter a username and password to start a transaction. Then, you might have to enter an authentication code sent via text to your personal cell phone.

While securities are in place, that does not mean cryptocurrencies are un-hackable. Several high-dollar hacks have cost cryptocurrency start-ups heavily.

Unlike government-backed money, the value of virtual currencies is driven entirely by supply and demand. This can create wild swings that produce significant gains for investors or big losses. And cryptocurrency investments are subject to far less regulatory protection than traditional financial products like stocks, bonds and mutual funds.

Minimum amount to invest in cryptocurrencies:

There is no defined limit to invest in cryptocurrencies, just like there is no minimum limit to invest in stocks. However, there is some difference. If one does not wish to buy an entire cryptocurrency, he/she can buy small units of it. Once registered, an user can add money to his/her wallet and use that amount to place an order for.

Investment of Indian rupee in crypto:

One can invest in cryptocurrencies using Indian currency, but cash cannot be used for the payment. Every investor needs a bank account linked to the crypto account to add money and make a digital payment. Only KYC-approved users can make such payments. Investors should note that exchanges charge some fees when one makes an investment and redeem it.

Making online purchases with cryptocurrencies:

Cryptocurrencies are a medium of exchange, which can be used to make payments for online purchases. There are hundreds of online shops and retailers that accept Bitcoin and other cryptocurrencies. However, there is a catch. Both the buyer and seller should agree to accept the cryptocurrency for the deal. There are various search engines to find the goods and services that can be purchased using cryptocurrencies.

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Conversion of cryptocurrency into cash through exchanges:
The method to convert any cryptocurrency into cash is through an exchange or a broker, this is quite like the currency exchange system at airports of a foreign country.
Transfer Bitcoins to the exchange that supports buying and selling in INR. In this case, WazirX can be used, for demonstration purposes.
Step 1: Open the WazirX app and tap on the 'Funds' option.
Step 2: Click on the INR option and you will be able to see your account transactions, deposits and withdrawals.
Step 3: At the bottom of the screen, you will be able to see two options, 'Deposit' and 'Withdrawal'.
Step 4: Click on the withdrawal option, where you will be able to enter the amount you need to withdraw. Now, enter the amount and submit.
Step 5: You will receive an email soon, where you have to authorise the withdrawal. Once you have verified, the funds will be reflected in your account shortly.
This method is considered the safest, but at the same time, the time for money to reach your account is about 4-6 days. In addition, crypto exchanges also charge a fee for the transaction and it differs from broker to broker.
Cryptocurrency Fraud and Cryptocurrency Scams:
Unfortunately, cryptocurrency crime is on the rise. Cryptocurrency scams include:
Fake websites: Bogus sites which feature fake testimonials and crypto jargon promising massive, guaranteed returns, provided you keep investing.
Virtual Ponzi schemes: Cryptocurrency criminals promote non-existent opportunities to invest in digital currencies and create the illusion of huge returns by paying off old investors with new investors' money.
"Celebrity" endorsements: Scammers pose online as billionaires or well-known names who promise to multiply your investment in a virtual currency but instead steal what you send. They may also use messaging apps or chat rooms to start rumours that a famous businessperson is backing a specific cryptocurrency. Once they have encouraged investors to buy and driven up the price, the scammers sell their stake and the currency reduces in value.
Romance Schemes: The FBI warns of a trend in online dating scams, where tricksters persuade people they meet on dating apps or social media to invest or trade in virtual currencies. The FBI's Internet Crime Complaint Centre fielded more than 1,800 reports of crypto-focused romance scams in the first seven months of 2021, with losses reaching $133 million. Otherwise, fraudsters may pose as legitimate virtual currency traders or set up bogus exchanges to trick people into giving them money. Another crypto scam involves fraudulent sales pitches for individual

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retirement accounts in cryptocurrencies. Then there is straightforward cryptocurrency hacking, where criminals break into the digital wallets where people store their virtual currency to steal it.

Are Cryptocurrencies Legal?

Cryptocurrencies are not backed by any public or private entities. Therefore, it has been difficult to make a case for their legal status in different financial jurisdictions throughout the world. It doesn't help matters that cryptocurrencies have largely functioned outside most existing financial infrastructure. The legal status of cryptocurrencies has implications for their use in daily transactions and trading. As of December 2021, El Salvador was the only country in the world to allow Bitcoin as legal tender for monetary transactions. In the rest of the world, cryptocurrency regulation varies by jurisdiction.

Japan's Payment Services Act defines Bitcoin as legal property. Cryptocurrency exchanges operating in the country are subject to collect information about the customer and details relating to the wire transfer. China has banned cryptocurrency exchanges and mining within its borders. India was reported to be formulating a framework for cryptocurrencies.

Cryptocurrencies are legal in the European Union. Derivatives and other products that use cryptocurrencies will need to qualify as "financial instruments." In June 2021, the European Commission released the Markets in Crypto-Assets (MiCA) regulation that sets safeguards for regulation and establishes rules for companies or vendors providing financial services using cryptocurrencies. Within the United States, the biggest and most sophisticated financial market in the world, crypto derivatives such as Bitcoin futures are available on the Chicago Mercantile Exchange. The Securities and Exchange Commission (SEC) has said that Bitcoin and Ethereum are not securities.

Although cryptocurrencies are considered a form of money, the Internal Revenue Service (IRS) treats them as a financial asset or property. And, as with most other investments, if anybody reaps capital gains in selling or trading cryptocurrencies, the government wants a piece of the profits. On May 20, 2021, the U.S. Department of the Treasury announced a proposal that would require taxpayers to report any cryptocurrency transaction of and above $10,000 to the IRS. How exactly the IRS would tax proceeds—as capital gains or ordinary income—depends on how long the taxpayer held the cryptocurrency.

Is cryptocurrency legal in India?

This question does not have a plain vanilla answer in ‘yes’ or ‘no’, as the government and the central bank still look unsure as to how to deal with this new-age phenomenon. In 2018, The Reserve Bank of India (RBI) came out strongly and kind of banned these tokens in India. Then in 2020, the Supreme Court of India reversed the RBI ban. That move was welcomed by the crypto exchanges and investors throughout the country. After this, Indian banks have tried to curtail transactions with crypto-exchanges as, in their view, they are governed by RBI. But later, RBI mentioned that banks cannot quote its 2018 ban to customers as it was overruled by the Supreme Court, paving the way for crypto trading to continue in India. Currently, there is no regulation or any ban on the use of cryptocurrencies in the country.

Technically, there is neither a ban on the use of cryptocurrencies (or crypto assets) in India, nor a regulation that govern their actual usage. The crypto bill which has been touted for long and yet is pending across multiple sessions of the Parliament, is expected to “create a facilitative framework for the creation of the official digital currency to be issued by the Reserve Bank of India”. This bill will also ban all private cryptocurrencies, except for allowing “for certain exceptions to promote the underlying technology of cryptocurrency and its uses”.

Cryptocurrency is not legal tender in India. While cryptocurrency in India can be exchanged due to the absence of a robust regulatory framework, a protracted licensing process makes it very difficult for certain service providers’ technologies to operate. Although there is a lack of clarity over the tax status of cryptocurrencies, the chairman of the Central Board of Direct Taxation has said that anyone making profits from Bitcoin will have to pay taxes on them. Other Income Tax Department sources have suggested that cryptocurrency profits should be taxed as capital gains.

Central bank honchos advise parliamentary panel against Cryptocurrencies can lead to dollarization of a part of the economy which would be against india’ sovereign interest, top officials of RBI have told a parliamentary panel, clearly expressed their apprehensions about Crypto currencie sand further they stated that it might throw challenges th the stability of the financial system.

It will seriously undermine the RBI’s capacity to determine monetary policy and regulate the monetary system of the country. The team also pointed out Cryptocurrencies have the medium of exchange and replace rupee in financial transactions both domestic and cross border, these currencies can replace a part of the monetary system it will also undermine the RBI’s capacity to regulate the flow of money in the system. The committee cautioned that besides being used for terror financing, money laundering and drug trafficking, cryptos pose a bigger threat to the stability of the financial system of the country. The central bank of india said crypos are dollar denominated and issued by foreign private entities which may even lead to dollarization of a part of of our economy, will also have negative impact on the banking system as these being attractive assets people may invest their hard earned savings in these currencies which may result in banks having lesser resources to lend. The finace minister introduced a tax on trading in Cryptocurrenciesand related assets like non-fungible tokens(NFTS) at a flat 30 percent and one percent of tax will be deducted at source (TDS) when such transactions take place. There are are an estimated 15 million to 20 million crypto investors in india, with total crypto holdings of around $5.34 billion. There is no official data is available on the size of the Indian crypto market. A comprehensive deliberations with financial regulators. As bodies, both RBI& SEBI report to statutory bodies.

Future of Cryptocurrency in India:

As cryptocurrency became popular, people started investing and trading in crypto coins across the globe. The same thing can be observed in India as well, mainly in the year 2020-2021. There have been many regulations passed by the RBI. The cryptocurrency was banned in India but with time crypto trading started again. Now, neither are they recognised by the Government as legal tender nor are they regulated by RBI. There are no laws that prohibit trading in crypto. In that sense, cryptocurrency is any other asset like gold, commodities, etc.

From the survey, it is observed that 95.20% of the total respondents believed that cryptocurrencies in India will exist even after a decade. While the rest 4.80% of the respondents think that cryptocurrencies will not exist in the future with government regulations that might come up in the future. But with so many investors investing in cryptocurrencies, there are chances that crypto will exist in the future even with the regulations put on by the government.

India took a step closer to adopting cryptocurrencies after years of wavering on its stance, as the country seeks to keep up with the global move toward the digital assets.

In November 2021, the Standing Committee on Finance, chaired by BJP member Jayant Sinha, met representatives of crypto exchanges, Blockchain and Crypto Assets Council (BACC), among others and came to the conclusion that cryptocurrencies should not be banned, but regulated. Earlier this month, Prime Minister Narendra Modi called a meeting on cryptocurrencies with senior officials. The indications are that strong regulatory steps will probably be taken to deal with the issue.

Meanwhile, the Reserve Bank of India has repeatedly underlined its strong view against cryptocurrencies, saying these pose a serious threat to the macroeconomic and financial stability of the country. It has also raised doubts on the number of investors trading on cryptocurrencies and their claimed market value.

Union Finance Minister Nirmala Sitharaman on February 2nd, 2022 cleared doubts and removed uncertainty over the future of cryptocurrency in India when she announced in her Budget speech that the Reserve Bank of India will launch its digital currency in the year starting April 1,2022.

The income from the transfer of all virtual assets will also be taxed at 30%. This has saved lakhs of crypto investors who were apprehensive about the future of digital currency in India. With the tax rate of 30 per cent, like gains from lottery and gambling winnings, crypto is officially recognised and investors will be paying taxes on the income arising from the sale of the digital assets.

Till now there is no law regulating virtual currencies. Despite uncertainty till now millions of Indians have already invested lakhs of rupees in the digital currency. In India, there has been a phenomenal increase in transactions in virtual digital assets. That is why the government made a specific tax regime.

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Way Forward

- **Regulation is the Solution:** Regulation is needed to prevent serious problems, to ensure that cryptocurrencies are not misused and to protect unsuspecting investors from excessive market volatility and possible scams. The regulation needs to be clear, transparent, coherent and animated by a vision of what it seeks to achieve.
- **Clarity on Crypto-currency definition:** A legal and regulatory framework must first define crypto-currencies as securities or other financial instruments under the relevant national laws and identify the regulatory authority in charge.
- **Strong KYC Norms:** Instead of a complete prohibition on cryptocurrencies, the government shall rather regulate the trading of cryptocurrencies by including stringent KYC norms, reporting and taxability.
- **Ensuring Transparency:** Record keeping, inspections, independent audits, investor grievance redressal and dispute resolution may also be considered to address concerns around transparency, information availability and consumer protection.
- **Igniting the Entrepreneurial Wave:** Cryptocurrencies and Blockchain technology can reignite the entrepreneurial wave in India's start up ecosystem and create job opportunities across different levels, from blockchain developers to designers, project managers, business analysts, promoters and marketers.

Conclusion:

Cryptocurrency has revolutionized the way value is stored and transferred, introducing decentralized systems that bypass traditional financial intermediaries. While the innovation offers advantages like speed, transparency and lower costs, it also presents risks such as fraud, volatility and regulatory uncertainty. In India, the journey of cryptocurrency has been marked by ambiguity: from RBI's initial restrictions to the Supreme Court's reversal and finally, the government's move to tax and regulate virtual assets. The announcement of a central bank digital currency and the imposition of a 30% tax underscore an intent to balance innovation with control. To unlock its potential, India must establish a robust legal framework, clear definitions, strong KYC norms and investor protections while encouraging blockchain-driven entrepreneurship. With millions already invested and global adoption increasing, cryptocurrencies are likely to remain, but their sustainability depends on responsible innovation and prudent regulation.

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