

# GOVT COMMITTEE RECOMMENDS BAN ALL CRYPTOCURRENCIES, EXCEPT THOSE ISSUED BY STATE: FM

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Banking, NPAs and RBI

A high-level committee suggested that all the private [cryptocurrencies](#), except any virtual currencies issued by state, will be prohibited in India, finance minister Nirmala Sitharaman said on Tuesday.

In a reply to a question in Rajya Sabha whether central government is planning to issue strict guidelines on cryptocurrency trading, Sitharaman said, "A high-level Inter-Ministerial Committee (IMC) constituted under the Chairmanship of Secretary (Economic Affairs) to study the issues related to virtual currencies and propose specific actions to be taken in the matter recommended in its report that all private cryptocurrencies, except any virtual currencies issued by state, will be prohibited in India."

"The central government will take a decision on the recommendation of IMC and legislative proposal, if any would be introduced in the Parliament following the due process," finance minister added. In 2018, the Reserve Bank of India had banned banks from processing transactions relating to cryptocurrency. In March 2020, Supreme Court overturned the ban.

Reiterating the govt's stance on Bitcoin, the finance minister said, "It was announced in the Budget Speech for 2018-19 that the government does not consider cryptocurrencies legal tender or coins 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," it further said.

A cryptocurrency bill is being finalised and it will be sent to cabinet soon, minister of state for finance Anurag Singh Thakur said earlier. "Regulatory bodies like RBI and Sebi etc also don't have a legal framework to directly regulate cryptocurrencies as they are neither currencies nor assets or securities or commodities issued by an identifiable user. The existing laws are inadequate to deal with the subject. The government had formed an inter ministerial committee and the committee has given a report. Post that there was a meeting of the empowered technology group which happened earlier. The committee of secretaries which was chaired by the cabinet secretary has also its given their report. The bill is being finalised and will be sent to the cabinet soon. So we will be bringing the bill soon," Thakur said.

Earlier this month, the Reserve Bank of India (RBI) said that it has plans to bring a digital version of the Indian Rupee. The central bank "was exploring the possibility as to whether there was a need for a digital version of fiat currency, and in case there was then how to operationalise it," it mentioned.

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