

Cryptocurrencies will boost illegal transactions: RBI to SC

They are “a stateless digital currency,” said the RBI.

The Reserve Bank of India (RBI) on Friday said dealing in cryptocurrency would encourage illegal transactions. The RBI had already issued a circular prohibiting use of these virtual currencies.

Cryptocurrencies are “a stateless digital currency” in which encryption techniques are used for trading and these ‘currencies’ operate independently of a Central bank like the RBI, “rendering them immune from government interference.”

A Bench, led by Chief Justice Dipak Misra, was informed by senior advocate Shyam Divan, appearing for the RBI, that a committee has been set up by the Centre to deal with issues relating to cryptocurrencies.

Sought time

The federal bank and the Central government sought three weeks’ time from the Bench, which also comprised Justices A.M. Khanwilkar and D.Y. Chandrachud, for filing their responses to a clutch of petitions on the issue. The Bench granted till September 11.

The apex court had also sought the assistance of Attorney General K.K. Venugopal in the matter.

One of the petitions was filed by Siddharth Dalmia and Vijay Pal Dalmia and they had said that the RBI, through its circular, had directed banks and financial institutions to freeze the bank accounts of those individuals and companies dealing in the illegal trade of virtual currencies.

Mr. Dalmia, in his plea, has sought a direction to the Centre to take steps to restrain sale and purchase of illegal cryptocurrencies like Bitcoins, which were being traded openly for “illegal activities” like funding terrorism and insurgency.

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