

Press Release on Report of the Committee on Virtual Currencies

The Government had constituted an Inter-Ministerial Committee (IMC) on 2.11.2017 under the Chairmanship of Secy (EA), with Secy (MeiTY), Chairman (SEBI) and Dy. Governor, RBI as Members, to study the issues related to virtual currencies and propose specific action to be taken in this matter. The Group's report, along with a Draft Bill has been received by the Government. This Report and Draft Bill will now be examined in consultation with all the concerned Departments and Regulatory Authorities, before the Government takes a final decision.

2. In the Report, the Group has highlighted the positive aspect of distributed-ledger technology (DLT) and suggested various applications, especially in financial services, for use of DLT in India. The DLT-based systems can be used by banks and other financial firms for processes such as loan-issuance tracking, collateral management, fraud detection and claims management in insurance, and reconciliation systems in the securities market.

3. As for private cryptocurrencies, given the risks associated with them and volatility in their prices, the Group has recommended banning of the cryptocurrencies in India and imposing fines and penalties for carrying on of any activities connected with cryptocurrencies in India.

4. The Group has also proposed that the Government keeps an open mind on official digital currency.

5. As virtual currencies and its underlying technology are still evolving, the Group has proposed that the Government may establish a Standing Committee to revisit the issues addressed in the Report as and when required.

6. A copy of the Report of the Group, along with the Draft Bill 'Banning of Cryptocurrency & Regulation of Official Digital Currency Bill, 2019' has been placed on the website of the Department of Economic Affairs today.
