

Crypto ban unlikely as \$6-bn assets held in India: CoinSwitch Kuber CEO

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An outright ban on private crypto currencies is unlikely, as retail investors in the country hold about \$6 billion worth of such virtual currencies, CoinSwitch Kuber founder and CEO Ashish Singhal said in a webinar on Wednesday.

He also sounded a word of caution on the consequences of a ban, saying that the Nigerian government had to roll back its ban within 12 days as crypto is a peer-to-peer technology that can't be easily contained.

The webinar was hosted on YouTube to answer users' queries, as the listing of a bill to regulate digital currencies in the winter session of Parliament has put crypto users in a fix.

"We have not seen the Bill and so won't be able to talk about its contents. But based on the discussions that industry has had with the government and our experience of the past four years, I can say that a ban is not in the offing," said Singhal. CoinSwitch Kuber is a crypto exchange that had over 15 million users as of October. According to broker discovery and comparison platform BrokerChooser, the total number of crypto owners in India was more than 100 million last month.

According to the crypto entrepreneur, the bill may not bring about a full-fledged regulatory framework. "It is possible that regulation could happen in phases — first, classifying crypto as an asset, then taxing it, figuring out which would be the regulatory authority and so on," he said.

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bill on Tuesday led to such panic amongst investors that crypto currency prices crashed in India. A couple of hours after the news broke, bitcoins, which had been quoting at 5 per cent to 8 per cent premium over global prices on Indian exchanges, were traded at 15

per cent to 20 per cent discounts compared to global markets prices. However, by Wednesday, the discounts narrowed to 8-10 per cent.

Industry experts who believe that an absolute ban is unlikely say that the concerned Parliament committee has not yet given its report on the matter. Hence, though private crypto currencies may be banned, it may still be permitted as an asset or a commodity, they say. Suril Desai, Leader-Blockchain and Cryptocurrency practice at Nishith Desai Associates, said, "It would be premature to make any statement on the bill. There was a standing committee meeting last week and the members representing the crypto community were called for their input. This input will guide the parliamentary committee in drafting appropriate regulations."

He added, "The current description is very brief and is the same as that listed earlier this year, and it does not seem to be in line with the latest statements made by government officials. We need to wait for the session to start to assess the implications."

The Cryptocurrency and Regulation of Official Digital Currency Bill, 2021, proposes to "create a facilitative framework for creation of the official digital currency and prohibit all private cryptocurrencies in India."

Nischal Shetty, founder of India's leading crypto exchange, WazirX, said, "The process of crypto regulation is in the works, and we need to have faith in our lawmakers."

Shetty added that former Union finance secretary, Subhash Garg, had said on several occasions that the "cur-

rency" use case of crypto should be prohibited. "Crypto can also be classified as asset, utility, or security. As an industry, we're in sync with the fact that the Indian Rupee is the only legal tender in India, and crypto is an asset/utility which people buy and sell," he said.

Siddharth Sogani, managing director, CREBACO, a rating agency for crypto exchanges and blockchains, said, "The Lok Sabha bulletin talks about banning private crypto currency. Since all private currencies are banned in India, crypto currencies may also be banned. However, crypto can be considered more like an asset or commodity, and if that is the case, we should not panic at all."

On the language of the bulletin, he said that it was the same as last that put out earlier. "But what has changed is there are more users, more investment and more awareness in the entire ecosystem. The government has also done more internal meetings on the matter. Last Saturday the PM met the Cabinet and on Monday a lot of industry participants also interacted with the government. When the government is doing so much, I don't think we are looking at a ban kind of thing. But there will certainly be strict rules and regulations."

Singhal of CoinSwitch Kuber also said that when crypto industry representatives met the government last week, they felt that it was receptive to the idea of how big the industry could become and how it could benefit the country. "However, let me give this disclaimer. I am a forever believer in crypto. Not only my money, but my life depends on it," Singhal said.