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"COMPREHENSIVE RESEARCH REPORT: CRYPTOCURRENCY REGULATION AND LEGAL CHALLENGES IN INDIA"

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Acknowledgment

This research report is the culmination of extensive data synthesis and analytical review pertaining to the virtual digital asset (VDA) landscape in India. Acknowledgment is extended to the Ministry of Finance, the Reserve Bank of India (RBI), and the Financial Intelligence Unit (FIU-IND) for their transparency in publishing fiscal data, regulatory circulars, and anti-money laundering frameworks. Gratitude is also expressed to the legal researchers and judicial officers whose documentation of landmark Supreme Court and High Court proceedings provided the essential legal context for this study. Furthermore, the contributions of the Bharat Web3 Association and industry leaders such as CoinDCX, CoinSwitch, and Mudrex have been invaluable in providing the retail and institutional data clusters necessary to map the grassroots adoption of blockchain technology in the Indian subcontinent.

Declaration

The information contained within this report is derived from an exhaustive analysis of primary and secondary research materials available through late 2025. This document is intended for professional and academic reference and does not constitute financial, investment, or legal advice. The statistics regarding consumer spending, population participation, and regulatory compliance are based on the latest available reporting periods and are subject to the inherent volatility and reporting gaps of the decentralized finance sector. All efforts have been made to ensure the accuracy of the citations and data interpretations herein.

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1. Introduction to Cryptocurrency

The global financial architecture is currently undergoing a transformative shift, driven by the advent of math-based, decentralized convertible virtual currencies protected by cryptographic protocols. Cryptocurrency, at its fundamental level, operates as a peer-to-peer electronic cash system that allows value to be transmitted without the intervention of a central clearinghouse or financial institution. Unlike traditional fiat money, these assets rely on distributed ledger technology (DLT) to maintain a record of ownership that is transparent, immutable, and secured through consensus mechanisms.

In the Indian context, the introduction of cryptocurrency has challenged traditional definitions of money, property, and regulated assets. The rapid rise in the valuation of assets like Bitcoin, which surpassed $108,000 in late 2024, has catalyzed a significant influx of retail capital into the digital ecosystem. This has necessitated a shift in the state's approach, moving from early skepticism to a structured framework where digital assets are formally recognized as "Virtual Digital Assets" (VDA) for taxation and monitoring purposes, even while their status as legal tender remains explicitly denied.

2. Evolution of Cryptocurrency Globally

The global evolution of cryptocurrency can be segmented into distinct developmental epochs. The first epoch, beginning in 2008 with the Satoshi Nakamoto whitepaper, established the proof-of-concept for decentralized ledgers. This was followed by a period of diversification where "altcoins" and programmable blockchains, most notably Ethereum, introduced smart contracts that expanded the utility of the technology beyond simple payment systems.

By 2024, the global market entered its current phase of "institutionalization." This period is marked by the approval of spot Bitcoin ETFs in the United States, which has integrated digital assets into the portfolios of traditional hedge funds and pension funds. Concurrently, jurisdictions like the European Union have pioneered comprehensive regulatory frameworks, such as the Markets in Crypto-Assets (MiCA) regulation, setting a global benchmark for licensing and consumer protection.

3. Growth of Cryptocurrency in India

India has emerged as one of the most dynamic markets for cryptocurrency adoption globally.

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Despite significant regulatory uncertainty and a high-tax environment, India consistently ranks first on global adoption indices, reflecting deep-seated grassroots interest. This growth is not merely a byproduct of speculation but is deeply rooted in India's robust digital public infrastructure, particularly the Unified Payments Interface (UPI) and high mobile internet penetration.

As of the 2024-25 fiscal year, the total value of cryptocurrency transactions in India exceeded ₹51,180 crore, representing a 41% increase over the previous year. This growth has seen a demographic shift; while early adopters were primarily urban tech enthusiasts, the current wave of participation is driven by Gen Z (37.6% of the base) and residents of Tier-2 and Tier-3 cities, who now account for 40% of the total user base.

4. Concept of Blockchain Technology

Blockchain technology serves as the foundational infrastructure for the entire cryptocurrency ecosystem. It is a distributed ledger system where records are securely maintained across multiple nodes, making unauthorized modifications virtually impossible due to the cryptographic link between consecutive blocks. In governance, blockchain addresses the inherent vulnerabilities of centralized databases, such as single points of failure, data tampering, and lack of transparency.

The Indian government has recognized the strategic importance of this technology through the development of the National Blockchain Framework (NBF). The NBF aims to provide a unified, interoperable architecture for public service delivery, ranging from academic certificate verification to supply chain management for essential medicines. This distinction between the "risky" nature of private tokens and the "transformative" nature of the underlying technology is a cornerstone of India's current digital policy.

5. Legal Status of Cryptocurrency in India

The legal status of cryptocurrency in India is characterized by a "legal but unprivileged" standing. There is currently no legislative ban on the holding, trading, or mining of cryptocurrencies. However, the government has consistently maintained that these assets are not legal tender and cannot be used for the payment of goods and services in the same manner as the Indian Rupee.

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The current legal environment is governed by a patchwork of administrative circulars and tax provisions. The Finance Act of 2022 provided the first formal legal definition of these assets, placing them within the domestic regulatory perimeter for the purposes of income tax and anti-money laundering (AML) compliance.

6. Classification as Virtual Digital Assets (VDA)

Under Section 2(47A) of the Income Tax Act, 1961 (and retained in the 2025 Act), cryptocurrencies are classified as Virtual Digital Assets. This definition is intentionally broad, encompassing any information, code, number, or token generated through cryptographic means that provides a digital representation of value. By late 2025, proposals to refine this definition sought to include any crypto-asset that relies on a cryptographically secured distributed ledger to validate transactions, ensuring that emerging technologies like DeFi protocols and NFTs are captured within the regulatory net.

Feature of VDA Classification	Regulatory Implication
Distinct from Currency	Cannot be used as legal tender
Broad Definition	Includes tokens, codes, and NFTs
	Uniform Tax Treatment
Reporting Entity Scope	Brings exchanges under PMLA oversight

7. Cryptocurrency vs. Legal Tender Debate

A core policy conflict exists between private cryptocurrencies and the concept of sovereign legal tender. The Reserve Bank of India argues that for an instrument to be considered "money," it must serve as a stable store of value, a widely accepted medium of exchange, and a consistent unit of account. Private cryptocurrencies fail these tests primarily due to their extreme volatility and the lack of a central issuer to guarantee their value.

The state views private cryptocurrencies as a threat to "monetary sovereignty." If a significant portion of the domestic economy were to transact in unbacked digital tokens, the central bank’s ability to transmit monetary policy through interest rates and liquidity management would be severely compromised. This has led the RBI to promote the Digital Rupee (CBDC) as the only legitimate form of digital currency, providing the technological benefits of blockchain with the stability and trust of the sovereign.

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8. Supreme Court Judgments on Cryptocurrency

The Indian judiciary has acted as a critical check on regulatory overreach, particularly during periods of total prohibition. The landmark case *Internet and Mobile Association of India (IAMAI) v. Reserve Bank of India (2020)* serves as the primary judicial precedent. This case challenged the RBI's 2018 attempt to isolate the crypto industry from the formal banking system, which had effectively forced many domestic exchanges to shut down or move offshore.

9. RBI Circular 2018 and 2020 Judgment Analysis

In April 2018, the RBI issued a circular prohibiting its regulated entities (banks) from providing services to any individual or business dealing with virtual currencies. The Supreme Court, in its March 2020 judgment, quashed this circular on the grounds of "proportionality".

The Court's analysis focused on several key points:

- **Lack of Empirical Data:** The RBI failed to provide evidence that virtual currency trading had actually harmed the regulated banking entities.
- **Article 19(1)(g):** The circular was found to be an unreasonable restriction on the fundamental right to carry on any trade or business.
- **Administrative Discretion:** While the RBI has the power to regulate, a total ban on banking access was considered an excessive measure when less intrusive regulatory tools were available.

10. Current Legal Framework (Taxation, PMLA, etc.)

Post-2020, the regulatory landscape shifted toward a "compliance-first" model. The current framework rests on three pillars:

1. **Income Tax:** A flat 30% tax on all gains derived from the transfer of VDAs, as governed by Section 115BBH.
2. **Tax Deducted at Source (TDS):** A mandatory 1% TDS on every transaction exceeding certain thresholds (₹10,000 for most, ₹50,000 for specified persons), intended to create an audit trail for the government.
3. **PMLA Oversight:** VDA service providers (exchanges, custodians) are designated as "reporting entities" under the Prevention of Money Laundering Act, 2002. They must conduct KYC, maintain transaction records for five years, and report suspicious activities to the FIU-IND.

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11. Regulatory Authorities in India

The oversight of digital assets in India is currently distributed among several key institutions, leading to a complex and sometimes overlapping regulatory environment:

Authority	Role in VDA Ecosystem	Key Regulatory Tools
RBI	Macro-stability & CBDC	FSR Reports, CBDC Pilot, Banking Advisories
Ministry of Finance	Policy & Taxation	Union Budgets, PMLA Notifications
FIU-IND	AML/CFT Monitoring	Registration of Exchanges, STR Analysis
SEBI	Investment Oversight	Warning against "unregulated finfluencers"
CBDT	Tax Enforcement	Data matching, Compliance Notices

12. Role of Reserve Bank of India (RBI)

The RBI maintains a posture of "guarded vigilance." Its primary role is to ensure that the rise of digital assets does not destabilize the Indian financial system. This involves regular stress-testing of the linkages between banks and the crypto sector and issuing public advisories to warn retail investors about the risks of fraud and volatility. The RBI also serves as the developer of the Digital Rupee, positioning it as a safe, regulated alternative to private tokens.

13. Role of Ministry of Finance

The Ministry of Finance is the architect of the VDA taxation and AML policy. Its objective is to formalize the sector without granting it the legitimacy of a "currency." The Ministry has used the Finance Act to ensure that every rupee generated in the crypto-economy is traceable.

Furthermore, it represents India at international forums like the IMF and FSB to advocate for a coordinated global approach to crypto regulation.

14. Role of SEBI and Other Agencies

The Securities and Exchange Board of India (SEBI) has largely stayed on the sidelines of direct

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crypto regulation, awaiting a formal legislative mandate from the central government. However, SEBI has expressed concern that many tokens function like securities and should fall under its investor-protection mandates. Other agencies like the Enforcement Directorate (ED) actively investigate high-value money laundering cases, having frozen crypto assets worth more than ₹4,189 crore in recent years.

15. FIU-IND and Anti-Money Laundering Framework

The Financial Intelligence Unit (FIU-IND) has become the most active regulator for domestic and offshore exchanges. By March 2025, the unit had registered 49 VDA service providers, including 45 domestic exchanges and 4 major offshore platforms that agreed to comply with Indian laws. This registration requires exchanges to monitor and report suspicious transaction reports (STRs), which are analyzed for links to gambling, scams, and even terror financing.

16. RBI's Concerns Regarding Cryptocurrency

The RBI's opposition to private cryptocurrencies is rooted in three systemic risks identified in its 2024 Financial Stability Report:

1. **Monetary Policy Impairment:** If the e-rupee is bypassed by private tokens, the RBI's ability to control inflation and interest rates diminishes.
2. **Capital Flow Volatility:** Cryptocurrencies can be used to circumvent capital flow management measures, potentially leading to instability in the external value of the Rupee.
3. **Financial Stability:** The interconnectedness between traditional banks and the volatile DeFi sector could lead to systemic contagion during market "runs".

17. RBI vs. Cryptocurrency (Policy Conflicts)

The tension between the central bank and the crypto industry is a fundamental clash of philosophies. The RBI views private tokens as unbacked "speculative assets" with no social utility, while the industry views them as a technological breakthrough for financial efficiency. This has resulted in a policy "stalemate" where the industry is taxed like a business but denied the legitimacy of a regulated sector, leaving it in a perpetual state of regulatory limbo.

18. Central Bank Digital Currency (Digital Rupee)

The Digital Rupee (e₹) represents the state's proactive attempt to modernize the financial

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system. Launched in December 2022, the pilot program has expanded to include both retail and wholesale versions.

CBDC Adoption Statistics (as of May 2025):

- **Total Users:** 6 million individuals and 4 million merchants.
- **Circulation:** Increased from ₹27 million in 2023 to ₹120 million ($10.15 billion equivalent) in 2025.
- **Core Features:** Offline functionality for remote areas, programmability for government subsidies, and interoperability with existing UPI QR codes.

19. Risks Associated with Cryptocurrency

The risks associated with digital assets are multifaceted, affecting individuals, institutions, and the state's fiscal health. The December 2024 FSR emphasized that while the crypto market remains relatively small, its growth and links to traditional systems create systemic vulnerabilities.

20. Financial Stability Risks

Financial stability is threatened by the potential for "digital bank runs." If retail depositors move significant funds into stablecoins or DeFi protocols, traditional banks could see a 20-30% drop in deposits, reducing their lending capacity and increasing systemic risk. Furthermore, the lack of a "lender of last resort" in the crypto ecosystem means that liquidity shocks can lead to total market collapses.

21. Cybercrime and Money Laundering Risks

The pseudonymity of blockchain makes it an attractive tool for malicious actors. In FY 2024-25, investigative agencies detected undisclosed income worth ₹888.82 crore through VDA-related investigations. Globally, cyber-attacks on crypto platforms reached a record $2.17 billion in the first half of 2025, with state-sponsored actors targeting centralized exchanges for high-value thefts.

Risk Category	Key Data Point (2025)	Impact
Market Theft	$2.17B stolen globally (H1 2025)	Loss of investor capital; loss of trust

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Tax Evasion	₹889 Cr in undisclosed income	Revenue loss to the exchequer
Money Laundering	₹4,190 Cr in assets frozen by	High-value criminal exploitation
Risk Category	Key Data Point (2025)	Impact
	ED	
Frauds/Scams	44,057 tax notices issued	Widespread retail non-compliance

22. Investor Protection Issues

Investor protection is currently the most significant regulatory gap. Unlike the stock market, where SEBI provides a robust framework for dispute resolution and disclosure, crypto investors are at the mercy of exchange-level terms and conditions. The 2024 hack of WazirX, which resulted in a $325 million loss, underscored the lack of standardized custodial norms and mandatory insurance for digital assets.

23. Tax Evasion and Illicit Transactions

The borderless nature of crypto allows for sophisticated tax evasion. Investors often utilize offshore or decentralized exchanges that do not automatically deduct TDS, creating a gap in reporting. The government has countered this by mandate that holdings in foreign exchanges must be disclosed under the Black Money Act, with non-disclosure carrying severe criminal penalties.

24. Volatility and Speculation Risks

The speculative nature of the crypto market is reflected in its extreme price swings. Bitcoin's surge from $40,000 to over $108,000 in 2024 was driven as much by geopolitical sentiment and "FOMO" as by underlying utility. For retail investors, particularly the Gen Z demographic, this volatility often leads to high psychological stress and potential for devastating financial loss.

25. Innovation and Benefits of Cryptocurrency

While the risks are substantial, the technological innovation offered by the crypto ecosystem is equally significant. India has positioned itself as a "Web3 superpower," utilizing blockchain to solve real-world problems in finance, logistics, and governance.

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26. FinTech Growth and Startups

The Indian fintech market is one of the fastest-growing in the world, projected to reach $420 billion by 2029. Crypto-related startups play a vital role in this growth. Companies like Polygon (formerly Matic Network) have achieved global success by improving the efficiency and scalability of the Ethereum blockchain. Others are pioneering niche solutions, such as "GauCoin," which tokenizes sustainable fuel sources to provide income for rural farmers.

27. Blockchain Innovation in India

Governance innovation is led by the Ministry of Electronics and Information Technology (MeitY). The National Blockchain Framework (NBF) has already seen significant deployment:

- **Academic Records:** Over 34 crore documents verified through a blockchain-based platform as of late 2025.
- **Supply Chain Management:** Karnataka's "Aushada" platform tracks drug movement to prevent the entry of counterfeit medicines.
- **Land Records:** States like Andhra Pradesh are testing blockchain-based registries to eliminate title fraud and mutation delays.

28. Financial Inclusion through Crypto

In rural India, where traditional banking infrastructure is often lacking, blockchain offers a potential solution for financial inclusion. By enabling mobile-first, low-cost micro-transactions and peer-to-peer lending, digital assets can provide unbanked populations with access to credit and savings tools that were previously out of reach.

29. Cross-border Transactions and Efficiency

India is the global leader in remittances, with inflows exceeding $115 billion. Traditional banking channels for cross-border transfers are notoriously slow and expensive, often taking 3-5 days and costing 5-7% in fees. Blockchain-based solutions can facilitate these transfers almost instantly and at a fraction of the cost, significantly improving the economic well-being of the diaspora.

30. Risks vs. Innovation Debate

The central policy question in India is how to balance the "risks" articulated by the RBI with

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the "innovation" potential championed by the Web3 industry.

Public Perception on Regulation (Mudrex 2025 Survey):

- **Support for Regulation:** 93% of respondents believe crypto should be regulated, seeing it as a path to legitimacy.
- **Taxation Fairness:** 84% believe the current tax regime is "unfair" and a deterrent to domestic investment.
- **Policy Impact on Voting:** 91% of urban youth consider a party's crypto policy as relevant to their voting decision.

31. Should Crypto be Banned or Regulated?

The consensus among industry participants and the judiciary is that a ban is an ineffective and disproportionate tool. A ban would likely drive activity into the "dark web" and unregulated offshore platforms, making oversight impossible. Therefore, "smart regulation" that protects investors while allowing for technological growth is the preferred path.

32. Economic Impact of Cryptocurrency

The economic impact of cryptocurrency in India is significant but hampered by capital flight. In FY 2024-25, over 72% of India's crypto trading volume occurred on offshore exchanges rather than domestic platforms. This shift results in a loss of data, a loss of domestic innovation, and a loss of potential tax revenue for the Indian government.

33. Impact on Banking System

The traditional banking system faces both competition and opportunities. While DeFi protocols disintermediate traditional lending, many Indian banks are adopting blockchain for their own back-office processes, such as trade finance and interbank settlements. The rise of tokenized deposits—digital representations of bank deposits on a blockchain—is another area where TradFi is adopting crypto technology.

34. Crypto vs. Traditional Financial System

The performance of cryptocurrencies continues to outpace traditional assets, albeit with vastly higher risk profiles.

Asset Class	Mean Return (2011-2024)	Volatility Index	2025 Forecast Trend

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Cryptocurrency	429.64%	High	High growth; High volatility
Gold	16.15%	Moderate	Stable, gradual growth
Equities	12.13%	Low	Moderate growth
Bonds	96.90%	Moderate	Volatility persistence

35. Global Regulatory Approaches

India's regulatory trajectory is heavily influenced by the emergence of diverse global models. The lack of an international consensus has historically led to "regulatory arbitrage," where firms relocate to the most lenient jurisdictions.

36. USA, EU, China, and El Salvador Models

The world is currently split into four primary regulatory philosophies:

- **Comprehensive (EU):** The MiCA framework provides a single, unified licensing regime across all 27 member states, providing high legal clarity.
- **Regulatory Embrace (USA):** With the passage of the GENIUS Act, the US has moved toward a federal framework for stablecoins and a more "crypto-friendly" enforcement stance under the new administration.
- **Prohibition (China):** A total ban on trading and mining, intended to protect the yuan and facilitate the adoption of the digital e-CNY.
- **Adoption (El Salvador):** Recognizing Bitcoin as legal tender, focusing on simple licensing and attracting international capital.

37. Comparative Analysis with India

India’s model is currently a hybrid. It taxes like a "commodity" (USA) but monitors with the intensity of a "reporting entity" (EU). However, it lacks the institutional licensing of the EU and the clear legal-tender embrace of El Salvador. From a taxation standpoint, India’s regime is considered among the harshest in the world, contrasting sharply with hubs like Dubai or Singapore which offer more tax-friendly environments for retail investors.

38. Need for Global Regulation

The cross-border nature of digital assets makes unilateral regulation difficult. India has used its international influence to argue for the "IMF-FSB Synthesis Paper" standards, which emphasize

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that crypto-assets should not be granted legal tender status and that regulators must have the tools to address macro-financial risks collectively.

39. Regulatory Challenges in India

The primary obstacle to a mature crypto ecosystem in India is "regulatory ambiguity." Without a single, comprehensive law, the industry operates under a series of reactive notifications.

40. Lack of Clear Legal Definition

The classification of VDAs under tax law does not clarify their status under private law. Are tokens "goods," "actionable claims," or "contracts"? The 2025 Madras High Court ruling began to bridge this gap by defining them as property, but this has yet to be codified into statutory law, leading to uncertainty in insolvency and inheritance cases.

41. Jurisdictional and Enforcement Issues

Enforcing Indian laws on offshore platforms remains a logistical challenge. While the FIU can block URLs and freeze bank accounts, many users continue to access blocked exchanges through pre-downloaded apps or VPNs. This creates an uneven playing field for domestic exchanges that comply with every regulatory requirement.

42. Cross-border Nature of Crypto

Cryptocurrency's ability to move capital across borders instantly challenges traditional capital flow management. This is a primary reason for the RBI's caution, as large-scale outflows into digital assets could put downward pressure on the Indian Rupee during times of global financial stress.

43. Technological Challenges in Regulation

Regulating "DeFi" (Decentralized Finance) is technically daunting. Traditional regulation targets "entities," but DeFi protocols are often governed by autonomous smart contracts with no identifiable owner. Indian regulators are currently testing a "functional approach," looking for "instruments of control" (like admin keys) to determine who is liable for compliance.

44. Taxation of Cryptocurrency in India

The taxation of VDAs is the most developed part of the Indian regulatory framework. It is

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designed to be "prohibitive but permissive"—permitting the activity while making it costly to engage in high-frequency speculation.

45. 30% Tax and 1% TDS Impact

The 2022 Finance Act provisions have had a profound impact:

- **30% Flat Tax:** Levied on all gains, with no deduction for any expenditure other than the cost of acquisition.
- **No Loss Set-off:** Losses from one crypto-asset cannot be used to offset gains from another, a policy that is much stricter than the treatment of shares or real estate.
- **1% TDS:** Deducted on every sell transaction. In FY 2024-25, this resulted in ₹511.8 crore in revenue, identifying over ₹51,180 crore in gross transaction volume.

46. Compliance Burden on Investors

For the average investor, the tax regime has made crypto a "high-friction" asset. The 1% TDS locks up capital and creates a significant administrative burden during the tax-filing season. This has led to a significant "behavioral shift," where professional traders have moved offshore and retail investors have shifted toward long-term "HODLing" to minimize taxable events.

47. Case Studies on Crypto Frauds in India

Recent history is littered with cautionary tales:

- **WazirX (2024):** A cyber-attack resulted in the theft of $325 million, leading to multi-year litigation over whether the exchange or its custodian was liable for user losses.
- **BitBNS:** Faced ongoing legal battles in 2025 as users alleged an inability to withdraw funds following a prior cyber-attack, highlighting the risks of centralized custody.
- **P2P Scams:** Many retail users on platforms like Binance were targeted by "frozen account" scams, where receiving funds from a compromised wallet led to the freezing of their entire bank account by local police.

48. Role of Judiciary in Crypto Regulation

In the absence of clear legislation, the judiciary has become the de facto protector of investor rights. The Madras High Court’s affirmation that crypto constitute property capable of being held in trust is a landmark for custody and insolvency law. Furthermore, courts have consistently struck down arbitrary bank account freezes, emphasizing that "fear of the

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unknown" cannot justify stifling technological innovation.

49. Future of Cryptocurrency Regulation in India

The future of regulation in India (2026 and beyond) will likely focus on "alignment and formalization." The 2026 Budget has already proposed stricter penalties for reporting delays (₹200/day) and inaccuracies (₹50,000), signaling that crypto is being integrated into the mainstream financial compliance framework. India is also expected to join the OECD's CARF, which will make offshore and decentralized holdings visible to Indian tax authorities.

50. Policy Recommendations and Way Forward

To balance the competing interests of the state, the industry, and the public, the following policy pathways are recommended:

1. **Tax Rationalization:** Lowering the TDS from 1% to 0.01% would bring liquidity back to domestic exchanges and allow the government to monitor a much larger pool of data.
2. **Allowing Loss Offsets:** Permitting investors to offset losses between tokens would treat crypto more like a legitimate investment class and reduce the incentive to move offshore.
3. **Specialized Regulatory Body:** Over 51% of Indians support the creation of a dedicated crypto regulator that understands the nuances of blockchain technology better than traditional institutions.
4. **Codifying Ownership:** Legislative action is needed to clarify the nature of VDAs as property to protect investors during exchange insolvencies.
5. **Global Collaboration:** India should continue to lead the development of a global regulatory minimum to prevent a "race to the bottom" and ensure that digital assets cannot be used to bypass AML/CFT rules.

Report Data Appendix: Market and Population Statistics

The following tables synthesize the primary data points regarding consumer spending, population participation, and compliance trends identified in the research.

Table 1: Population Participation and Demographics (2025)

Category	Data Point	Significance
Total Global Users	861 Million	53% increase from 2024
India Adoption Rank	#1 Globally	Leads for 3 consecutive years

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Primary Age Demographic	18–35 (74.9%)	Dominance of Gen Z and Millennials
Gender Gap	Male: 61%; Female: 39%	Female participation grew 10x in 1 year
Regional Distribution	40% Non-Metro	Massive surge in Tier-2/Tier-3 cities

Table 2: Regulatory Compliance and Market Volume (FY 2024-25)

Spending/Volume Metric	Amount (INR)	Regulatory Context
Total Gross Spending	₹51,180 Cr	Based on 1% TDS collection
Compliant Population	28% of Volume	Traded on FIU-registered domestic exchanges
Non-Compliant Population	72% of Volume	Traded on offshore/unregulated platforms
Profit Reported	₹6,394 Cr	Gains subject to 30% tax
Un-offset Losses	₹4,781 Cr	"Structural drag" on domestic market

Table 3: Institutional and CBDC Metrics (2025)

Metric	Status	2025 Statistic
FIU-Registered Entities	Active	49 (45 Domestic, 4 Offshore)
CBDC Wallet Users	Pilot Phase	6 Million (0.42% of population)
Blockchain Documents	Governance	340 Million+ verified
Metric	Status	2025 Statistic
AML/CFT Penalties	Enforcement	₹28 Cr collected from exchanges

End of Research Report

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