GS-3 - S&T

5. Crypto regulation framework should be of critical importance to the country. Explain.

FTX crypto exchange crashed overnight due to running out of deposits, is the recent evidences of cryptocurrency volatility and sudden market disruption

India & cryptocurrency

Chainanalysis report - Global cryptocurrency Adoption - India ranked 4th. There is a immediate need for global regulatory framework to address crypto adoption and prevent market crash

Why regulation to crypto currency?

Because, they are not backed by any value (fiat) hence volatile in nature - Financial Instability

consumer protection → eg: Terra USD - 97% collapsed in 24 hours

Current regulations in India

1. Flat 30% capital gains tax on virtual digital assets ~~viz~~ irrespective of capital loss

2. Advertising standards council of India, to regulate advertisements promoting crypto currencies

3. Mandatory reporting on profits & losses on virtual digital assets

Global Regulatory Framework

India's central Bank Digital currency - is brought as alternative to cryptocurrency. But still is its pivot stage

In G20 meeting - India called for International cooperation for global regulatory framework on cryptocurrency, projecting it as 'nothing at G20.

Recently Financial Stability board (G20 secretariat) has issued guidelines for regulation & oversight of crypto exchanges & adoption.

way forward

India must use its presidency as tool to bring consensus among nation for global regulation, and project itself as voice of global south