

## Regulating bitcoins in India

### Why in News?

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The government is considering the introduction of a regulatory regime for virtual currencies such as Bitcoins.

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### What is a bitcoin?

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- Bitcoin is a type of crypto-currency.

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- Crypto-currency is a digital currency that allows transacting parties to remain anonymous while confirming the transaction is valid.

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- It is not owned or controlled by any institutions - government or private.

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- Click [here](#) to know more.

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### What is the current status of bitcoins in India?

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- Bitcoins are classified only as movable property and more specifically as computer software.

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- The government has not formally brought bitcoins under the definitions of currency or prepaid payment instruments.

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- Neither did it make bitcoins illegal.

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- It is thus right to say that currently the crypto-currency is neither illegal nor legal in India.

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- The pros and cons of legalising them is currently debated among the government circles.

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### **What are the benefits of legalising bitcoins?**

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- Trading of bitcoins would be brought under the **stock market regulator**, Securities and Exchange Board of India (SEBI).

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- Bitcoins can be traded on registered exchanges which will promote a formal tax base. Returns from investment in Bitcoins would be **taxed**.

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- Use of bitcoins for **illegal activities** such as money laundering, terror funding and drug trafficking can be **checked**.

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- If any foreign payment is made through Bitcoins, it would fall under the purview of Foreign Exchange Management Act,

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**Source: The Hindu**

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