

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE**

RAJYA SABHA

**UNSTARRED QUESTION NO. 699.
TO BE ANSWERED ON FRIDAY, THE 22ND JULY, 2022.**

EXIT OF CRYPTO STARTUPS FROM INDIAN MARKETS

699. SHRI DEREK O' BRIEN:

Will the Minister of **Commerce and Industry** be pleased to state:

- (a) whether Government has taken note of the crypto startups exiting Indian markets;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) the details and reasons for the exit of crypto startups; and
- (d) the impact of their exit on the Indian economy, the details thereof?

ANSWER

**THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY
(SHRI SOM PARKASH)**

- (a) to (d):** The Government does not maintain information on the exit of startups. It may be noted that Reserve Bank of India (RBI) has cautioned users, holders and traders of Virtual Currencies (VCs) vide public notices on December 24, 2013, February 01, 2017 and December 05, 2017 that dealing in VCs is associated with potential economic, financial, operational, legal, customer protection and security related risks. RBI has issued a circular dated 6th April 2018 prohibiting its regulated entities to deal in virtual currencies (VCs) or provide services for facilitating any person or entity in dealing with or settling VCs. The said circular has been set aside by the Hon'ble Supreme Court on March 04, 2020.

Further RBI, vide its circular dated May 31, 2021 has also advised its regulated entities to continue to carry out customer due diligence processes for transactions in VCs, in line with regulations governing standards for Know Your Customer (KYC), Anti-Money Laundering (AML), Combating of Financing of Terrorism (CFT), obligations under Prevention of Money Laundering Act (PMLA), 2002, etc. in addition to ensuring compliance with relevant provisions under Foreign Exchange Management Act (FEMA) for overseas remittances.

RBI has registered its concern over the adverse effect of Cryptocurrency on Indian Economy. RBI mentioned that cryptocurrencies are not a currency because every modern currency needs to be issued by the Central Bank / Government. Further, the value of fiat currencies is anchored by monetary policy and their status as legal tender, however the value of cryptocurrencies rests solely on the speculations and expectations of high returns that are not well anchored, so it will have a destabilising effect on the monetary and fiscal stability of a country.
