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BANNING CRYPTOCURRENCIES IS NOT THE SOLUTION, A REGULATORY FRAMEWORK MUST BE DEVELOPED: NASSCOM

"NASSCOM believes that the recent proposal of the Inter-ministerial Committee of the Government to ban all cryptocurrencies barring those that are backed by the Government, is not the most constructive measure. Instead, the government should work towards developing a risk based framework to regulate and monitor cryptocurrencies and tokens. A ban would inhibit new applications and solutions from being deployed and would discourage tech Startups. It would handicap India from participating in new use cases that cryptocurrencies and tokens offer.

To address consumer protection concerns, cryptocurrency based businesses can be tested in the regulatory sandboxes being launched by the financial sector regulators across the country. We should work towards creating a regulatory framework that will constantly monitor and prevent illegal activities. Regulating would allow the law enforcement agencies to be better equipped to understand these new technologies, enable them to gather intelligence on criminal developments and take enforcement actions. Conversely, a ban is more likely to deter only the legitimate operators as they have no intent to be non-compliant.

Additionally, the committee's recognition of the potential of Distributed Ledger Technology (DLT) is a welcome step towards enhancing innovation in the ecosystem. We look forward to engaging with the government in considering how DLT can be used in India, to improve transparency, access to information and citizen services.

We will continue to working with government stakeholders and seek more discussions on this issue."

About NASSCOM

NASSCOM® is the premier trade body and the chamber of commerce of the IT-BPM industries in India. NASSCOM is a global trade body with more than 2100 members, which include both Indian and multinational companies that have a presence in India. NASSCOM's member and associate member companies are broadly in the business of software development, software services, software products, consulting services, BPO services, e-commerce & web services, engineering services and animation and gaming. NASSCOM's membership base constitutes over 95% of the industry revenues in India and employs over 3.5 million professionals.

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