



OPEN ACCESS INTERNATIONAL JOURNAL OF SCIENCE & ENGINEERING

RBI IN REGULATING CRYPTO CURRENCY: A DYNAMIC LEGISLATIVE EFFORT. RESERVE BANK OF INDIA (RBI)

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Abstract: *The RBI is the central Bank of India. It was established on 1st April, 1935 in accordance with the provisions of RBI Act, 1934. It was started originally as shareholders bank and its paid capital was Rs. 5 crores since its establishment, RBI took over the function of currency issue from the Indian Government and the power of credit control from then imperial Bank of India. RBI was nationalized in the year 1945 as it was necessary for economic change in the country to use central bank as an effective instrument.*

Keywords: *Reserve Bank of India, Crypto Currency, Covid-19 Pandemic, Monetary Policy, Ministerial Committee, New Technology.*

INTRODUCTION

The Reserve Bank of India is to perform some important functions expected from a central bank. The main functions are as follows:-

- (a) It issues and regulates money supply in the country it is infact the sale authority for the issue of currency in the country.
- (b) It works as a banker to Governments both Union and state. It is to accept money an account of the Government, to make payment on behalf of the Government. It also carrier out exchange remittance and other banking appertains including the management of Public debt.

In short, the RBI is largely concerned with organization of a sound and health commercial banking system in the country including development of rural banking, promotion of financial institutions and development of money and capital market in India. So, RBI has the responsibility to maintain not only the internal value of India currency but also its external value.

The RBI are managed by the central Board of Directors consisting of a Governor, four deputy Governors, four directors in terms of section 8(1) (6) and ten directors in terms of section 8(1) (c) and one Government official nominated by the central Government under section 8(1) (d).

It has a Local Board with Headquarters at Mumbai, Kolkata, Chennai and New Delhi. Thus, the entire banking system of our country is managed, controlled and regulated in pursuance of two enactment namely @RBI Act, 1934 and (b) Banking Regulation Act, 1949.

Crypto Currency

Crypto Currency is digital from of certain medium of exchange in business transaction. It is not found in the pocket/purse of any person as coin or note, however it is used as a medium of exchange online in business without complying of any rule or regulation. It is a form of virtual currency Now-a-days, the Government of India has planned to introduce a bill in parliament in respect of Crypto Currency as “Crypto Currency and Regulation of official Digital Currency Bill. It is also going to make some policies and plan with regard to use of Crypto Currency in India. Though there is not much awareness about the ensuing bill, yet this bill, if converted into a piece of legislation, will regulate and control the use of Crypto Currency in India legally India is under observation by world community in respect of each step being taken towards use of Crypto Currency here. If bill, as mentioned above is introduced in parliament in next session, then the investors will have close eye on this. Union Finance Minister Nirmala Sitaraman has already made it clear that the Government of India does not have any plan to completely

ban Crypto Currency, infact, it wants to protect the technical Block-chain based on Crypto Currency.

Many Indians are in the process of buying Crypto Currency at large but there is no official data in respect of the same. They do not want to forgo any opportunity of earning sufficient profit. Many people using Crypto Currency are of opinion that they do not want to let go the chance of earning more profit while using the same in business transaction.

Reserve Bank of India has raised the issue of cyber fraud in 2021 again. Infact, in 2018, RBI had already imposed ban in the transactions through Crypto Currency by Banks and non-banking Financial Institution. The RBI it rest has expressed recently that it is planning to bring Crypto Currency of India as alternative of Crypto Currency in Circulation. The future planning of Crypto Currency in India depends upon the ensuing steps to be taken or adopted by the Government of India. India has made it clear that is will give enough time to the holders of Crypto Currency with regard to its selling, through there is no official data about number of persons having Crypto Currency or performing business activities through Crypto Currency. While Media houses have presented report in respect of investment in Crypto Currency by Crores of people in India during Covid-19 pandemic, yet the un official estimate shows that India's investment in Crypto Currency is one billion dollar and the number of investors are more than eight million.

The Government of India is also of the view that it should to take steps to evaluate and explore new technologies including Crypto Currencies for improving governance. The Prime Minister has been the strong supporter of embracing new technology in various aspect of governance. New technology includes block-chain and is emerging one also. The Government of India is undergoing through the process taking a decision introducing a bill on the basis of recommendation of a high level inter-ministerial committee which has already submitted its report. It has been made clear by the Finance Minister of India Nirmala Sitaraman who has expressed her opinion in favour of Crypto Currency.

Reserve Bank of India's Governor has also opined the impact of Crypto Currency may have on the financial stability in the economy and had conveyed the same to the government. As a result thereof, the RBI had virtually banned Crypto Currency trading in 2018. The Supreme Court of India had also asked to the Government of India in 2019 to frame policies for Crypto and in 2020, struck down the curbs imposed by the RBI on such currency.

Hence in view of above it may be opined that Crypto Currency is to be boosted and people of India should be encouraged for its use. The chief marketing Officer of Global Bitcoin Exchange Firm, Sir Vikram Rangala is of Opinion

that Crypto Currency like bitcoin and ether are public property which is neither having recognition by any country nor, ownership any are having internet facility may take Crypto Currency. If Government of any country is interested to use Crypto Currency in the development of its mandatory policy and economy, it has to regulate the same by making some laws. There is no need of completion in respect of Crypto Currency, infact the public and banks of Crypto Currency are suppose to run together.

REFERENCE:-

- (1) Editorial, 'Navbharat', April, 14, 2021.
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