

India looks to tighten its grip on cryptocurrencies, ecommerce players

Article

The Indian government is eyeing regulations for both cryptocurrency and ecommerce, potentially bringing major changes to the two burgeoning industries. Here's what you need to know:

- India is likely on its way to **becoming** one of the first major economies to implement a full-scale ban on cryptocurrencies. The government is proposing regulations to ban

cryptocurrencies, which would penalize anyone who buys, holds, or sells any form of digital currency. Users would have six months to liquidate their assets before facing fines for crypto-related activities. Meanwhile, the Indian government is developing its own framework for a national cryptocurrency to combat [concerns](#) that existing cryptocurrencies are used for money laundering and funding terrorism. The potential ban poses a major threat to private crypto exchanges that would likely be forced to end operations in India, even as consumer interest in cryptos [rises](#) in the market.

- **India is also planning to [introduce](#) a policy to promote the equal treatment of online marketplace sellers.** Indian regulators want to implement policies that would require ecommerce platform providers such as **Amazon** and **Flipkart** to avoid preferential treatment of sellers. The government is investigating [claims](#) that these firms promote select sellers they have an indirect stake in and offer deep discounts that make it hard for local sellers to operate. These policies might force Amazon and others to change the way they operate their online marketplaces, perhaps leading to increased competition.

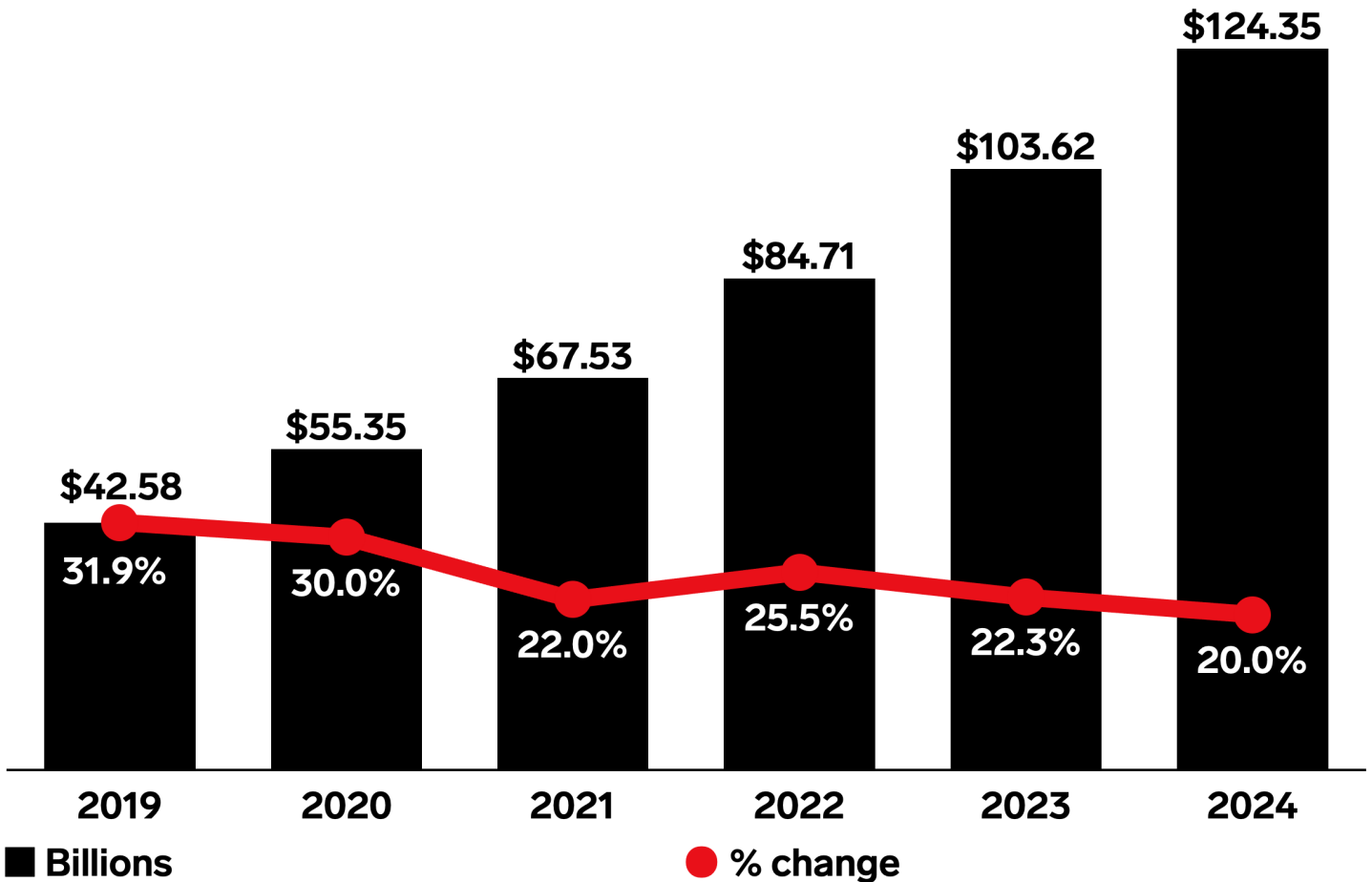
India has been digitizing its economy in recent years, making it a hotspot for payment providers and ecommerce players. This transition has been propelled by the increasing availability of smartphones and high-speed connectivity in the nation: In 2018, India had 560 million internet subscribers, and that base is expected to hit between 750 million and 800 million by 2023, [per](#) a McKinsey report. And the coronavirus pandemic likely helped push India to digitize its economy as more consumers adopted offerings like [contactless payments](#)—thanks in part to [growing](#) players like Paytm—as well as ecommerce, which surged 30% year over year (YoY) in India in 2020, [according to](#) eMarketer forecasts from Insider Intelligence. As a result of the ongoing digital shift, crypto exchanges have [risen](#) in popularity in India throughout the last year. And in terms of ecommerce, players have sought to ramp up expansion efforts: Amazon, for example, [announced](#) a \$1 billion investment in early 2020 to grow its Indian operations.

The proposed government regulations might negatively affect business for crypto and large ecommerce platforms. India's proposed digital currency ban would likely force existing crypto exchanges to seek growth opportunities elsewhere—leading them to miss out on the India's growing crypto economy: About 8 million Indian consumers currently hold an estimated INR100 billion (\$1.35 billion) in crypto assets, [according to](#) estimates from Reuters. The Indian government is hoping to funnel that demand into its own cryptocurrency framework instead. Meanwhile, India's proposed ecommerce measures could promote fair

competition and give more local sellers a chance to prosper—but could make it more difficult for players such as Amazon to operate freely in the market.

Retail Ecommerce Sales

India



Note: includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment; excludes travel and event tickets, payments such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice good sales

Source: eMarketer, December 2020

Methodology: Estimates are based on the analysis of data from other research firms and government agencies, historical trends, reported and estimated revenues from major online retailers, consumer online buying trends, and macro-level economic conditions.

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