

# India's cryptocurrency ban could hinder blockchain adoption

Article

India is reportedly preparing to propose a sweeping new bill banning all cryptocurrency use in the country, **according to** Reuters. The bill would criminalize possession, mining, issuance, trading, and transferring of any crypto asset, leaving crypto owners six months to liquidate their assets before facing penalties. According to a January government agenda viewed by Reuters, the Indian government has plans to develop its own national digital currency.

India's ban takes aim at digital currencies, but certain aspects of the ban, like its restriction on cryptomining, could limit other blockchain applications that make use of the distributed ledger technology as well.

**Though many countries have begun regulating certain digital currencies or placing limitations on transactions, India's bill would make it the first major country to ban all activities related to cryptocurrency.** Cryptocurrency and blockchain legislation is complex and varies widely from country to country. **Bolivia, Morocco, Nepal, Pakistan, and Vietnam**, for example, all currently have wide-reaching legislation **banning** crypto activities, while others like Japan, Germany, and the United States have looser restrictions. Others still like China have gone a different route, opting instead to impose strict regulations on cryptocurrency, but embrace blockchain for other nonfinancial use cases. China reiterated its commitment to state-sanctioned blockchain last year with the development of a government-back blockchain infrastructure **network** called the Blockchain-Based Service Network.

**India's crypto ban would limit the use of cryptocurrency, but the government still reportedly wants to support alternative blockchain innovations.** Digital currencies made up around one-third of global companies' current use cases for blockchain, **according to** a 2020 Deloitte Insights survey. So, while cryptocurrencies are significant, they are far from the only emerging blockchain application—a notion some Indian legislators are trying to keep in mind ahead of any large-scale crypto ban. In a **statement** obtained by Business Standard, India's finance minister Nirmala Sitharaman said regulators aren't "shutting all options," and "will allow certain windows for people to do experiments on blockchain, bitcoins, or cryptocurrency." Though Sitharaman said the fintech industry "depends on such experiments," these would **likely** exist within a framework where India's digital currency reigns supreme.

**Still, even with that assurance**, uncertainty surrounding India's proposed restrictions—especially regarding cryptomining—may leave blockchain companies and innovators feeling uneasy.

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## What Blockchain Use Cases Are Companies Worldwide Currently Working On?

% of respondents, March 2020

Digital currency	33%
Data access/sharing	32%
Data reconciliation	31%
Identity protection	31%
Payments	30%
Track and trace	27%
Asset protection	27%
Asset transfer	25%
Certification	23%
Record reconciliation	23%
Revenue sharing	23%
Tokenized securities (equity, debt and derivatives)	22%
Access to IP	21%
Asset-backed tokens	21%
Custody	18%
Time stamping	18%
None	1%

Source: Deloitte, "2020 Global Blockchain Survey," June 16, 2020

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