

After RBI notice, Bitcoin brothers band together

Engage Nishith Desai for legal opinion on digital currency

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Following a Reserve Bank of India (RBI) notification against the use of Bitcoins, players involved in the virtual currency space in India have come together to address the issues concerning them.

Bitcoin users gave shape to Bitcoin Alliance India "to take up the cause of digital currency players". The group has engaged Nishith Desai Associates to provide legal opinion on

the digital currency.

Nishith Desai has said greater legal clarity was required on the issue. However, he felt the currency itself might not fall foul of the existing laws.

BITCOIN ALLIANCE INDIA

- Small group of individuals and Bitcoin businesses band together
- Engage Nishith Desai for legal opinion on digital currency
- Alliance says it wants to be voice of Bitcoin in India
- Reserve Bank of India has warned against legal and financial ramifications of using the virtual currency
- China has prohibited financial institutions from dealing in Bitcoins

"Our Bitcoins practice group examined the issue from techno-legal perspective and has found that Bitcoins per se are not illegal in India. This is in consonance with international approach," he said in a press statement.

Vishal Gupta, a member of the group, claimed that about 150 members take part in fortnight meetings of Bitcoin users. He said the group was trying to understand the impact of the regulatory move.

"There is lack of clarity on the issue. For the moment, we are looking for legal advice on the matter," he said.

A Bitcoin is a form of digital currency, unlike regular currency issued by sovereign governments and it does not have a central issuing authority.

The central bank had warned the users of the currency against potential financial, operational, legal and security risks associated with the use of digital currency.

"(The RBI is) at present examining the issues associated with the usage, holding and trading of VCs (virtual currencies) under the extant legal and regulatory framework of the country, including Foreign Exchange and Payment Systems laws and regulations," a RBI press release said.

The Chinese government imposed restrictions on Bitcoin trading on December 5.

International media reports suggested that Bitcoins have been used to buy goods like tea and even exchanged for normal currency at ATMs specially installed for the purpose.

The RBI's concerns also mention the extreme volatility associated with the currency. The value of one Bitcoin had crossed the \$1,000-mark in November, up from less than \$15 a year earlier. It plunged to less than \$400 after China put restrictions.

India is said to account for one per cent of the 12 million Bitcoins currently in circulation, according to the Bitcoin Alliance India. With an exchange rate of Rs 50,000, Indian Bitcoin trade is worth Rs 600 crore.