

Business Standard

Bitcoin firms form self-regulatory body for transparent growth

Appoint Nishith Desai as advisor to frame norms for all aspects of the business

Rajesh Bhayani | Mumbai February 28, 2017 Last Updated at 01:27 IST



Bitcoin start-ups Zebpay, Unocoin, Coinsecure and Searchtrade have jointly launched a Digital Asset and Blockchain Foundation of India (Dabfi), with the aim of orderly and transparent growth of the virtual currency market.

The body will work as a self-regulatory organisation (SRO) for this business. And, has appointed Nishith Desai Associates, an international law firm, to develop self-regulation norms for the segment.

A committee for the SRO has been constituted, with the members comprising Sandeep Goenka (Zebpay), Mohit Kalra (Coinsecure), Sathvik Vishwanath (Unocoin), Harish B V (Unocoin) and Vishal Gupta and Rashmit Gupta (Searchtrade).

Dabfi will prepare self-regulatory regimes for trading of bitcoins and other blockchain-based digital assets. And, standardise Know Your Customer (KYC) and anti-money laundering norms for member companies. It is to also build credibility and create awareness about the benefits and risks, liaise with regulators and get clarity on taxation, attract investment and set up incubators to promote start-ups, build global relations and actively engage with the global community in this regard. And, create a public website and regularly print reports on and around bitcoins and blockchain, the body said.

Bitcoin is not yet legally recognised in India. Abroad, some cases of its use for funding illegal activities (in Nigeria, for instance) have been discovered. Last month, the Chinese central bank warned local bitcoin exchanges not to get into leveraged trading. After that, the price of bitcoin crashed has again recovered; last week, it went above \$1,200 a unit for the first time. In India, the price went to a historic high of Rs 84,000 a unit; it is now Rs 81,000. The international price is now \$1,180 a unit.

Saurabh Agrawal, co-founder of Zebpay, "This organisation (Dabfi) aims to drive education and create a market for blockchain and bitcoin in the Indian market, which is now on the path of a digital economy. Our vision would be to work with regulators and develop a strong framework for our industry, to provide the required impetus for its growth."

Nishith Desai, founder of Nishith Desai Associates, said: "Bitcoin and other crypto currencies (CCs) have tremendous benefits for most marginalised people, merchants, tax departments and regulatory authorities. It has better price discovery, is anti-inflationary and the transactions are irreversible."

Under the current banking system, the poor pay heavy transaction fees for sending small amounts of money to their families in rural areas. In contrast, there is no or very low fee for large transactions, add those in the segment.

CCs are also a help for merchants, as the transactions have instantaneous settlement.

Globally, the demand for CC is increasing. "Due to its benefits, in the coming years, several countries might stop printing their own money and adopt CCs such as bitcoin as legal tender," goes one optimistic prediction.