

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA  
STARRED QUESTION NO. 269  
ANSWERED ON FRIDAY, THE 05<sup>th</sup> JANUARY, 2018  
[PAUSHA 15, 1939 (SAKA)]**

**FRAUDULENT PRACTICES BY BITCOIN COMPANIES**

**QUESTION**

**\*269. SHRI M. I. SHANAVAS:**

**Will the Minister of CORPORATE AFFAIRS  
be pleased to state:**

- (a) whether the Government has taken cognizance of the growing reports of cheating and fraudulent practices by bitcoin companies;**
- (b) if so, the details thereof;**
- (c) whether such companies are repeatedly violating rules laid down by the Government by not filing annual balance sheets; and**
- (d) if so, the details thereof along with the action taken against such companies so far?**

**ANSWER**

**THE MINISTER OF CORPORATE AFFAIRS (SHRI ARUN JAITLEY)**

**(a) to (d): A statement is laid on the Table of the House.**

**\*\*\*\*\***

**STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF THE  
STARRED QUESTION NO. 269 FOR ANSWER IN LOK SABHA  
ON 05.01.2018**

---

**(a) to (d): Bitcoin is a type of unregulated digital money that is issued and normally controlled by its developers and used and accepted among the members of virtual community. The Bitcoin does not have legal recognition in India. However, it has presence both in the public domain and in the unorganized market. Players in the public domain operate through websites offering multiple investment options to the community of Bitcoin clients. There are a number of trading platforms for Bitcoins in India, but since it is not regulated, there is no credible source of information with respect to the investment products and volumes of transactions.**

**The Government has constituted an Inter-Departmental Committee to take stock of the present status of virtual currencies in the country and globally; examine its regulatory and legal framework in the global context; and make recommendations with respect to a possible domestic regulatory framework, if considered appropriate along with mechanism with respect to inter-alia, preventing money laundering, consumer protection and tax collection. The Committee has recommended that general public should be cautioned against dealing with Virtual Currencies in any manner and that consumer protection and enforcement agencies should act against those indulging in trading in these currencies in any manner on the premise that it is illegal, fraudulent and done with and intent to evade tax.**

**The Government has declared that Virtual Currencies, including Bitcoins, do not have any underlying assets and their price is entirely speculative, which can expose the investors to heightened risk. It has also reiterated that Virtual Currencies have not been authorized by the Government or the Reserve Bank of India by way of licence nor it is recognized as a medium of exchange. Subsequently another committee has been constituted under the Chairmanship of Secretary, DEA to study all issues related with virtual currencies and recommend specific measures to address the concerns.**

**Given that the Bitcoin trade is growing in the country, the Reserve Bank of India has also issued cautionary advice to the users, holders and traders of Virtual Currencies (VCs) including Bitcoins about the potential financial, operational, legal/customer protection and security related risks that they are exposing themselves to. Further, Reserve**

**Bank of India has also advised that it has not given any licence/authorization to any entity/company to operate such schemes or deal with Bitcoin or any Virtual Currency. As such, any user, holder, investor, trader, etc. dealing with Virtual Currencies will be doing so at their own risk.**

\*\*\*\*\*