



Crypto Awareness Campaign

Prelims: Companies Act, 2013, Crypto Awareness Campaign, Cryptocurrencies, Online gaming, Money laundering, PMLA, IEPF.

Mains: Cryptocurrency & Related Issues, Government Policies & Interventions.

Why in News?

The [Investor Education and Protection Fund \(IEPF\)](#) will launch an outreach programme to create awareness of [Cryptocurrencies](#) and Online Gaming.

What is the Outreach Programme?

- The need for the outreach programme is based on the observation that **both crypto-assets and online gaming (that extends to gambling and betting) are still being promoted in a risky manner** despite the recent turmoil in the sector.
- The programme will help potential investors to thoroughly educate themselves before making any decision since cryptocurrency investing is a **complex and risky endeavour**.

What is the IEPF?

- It is managed by the IEPF Authority, **which was set up in 2016 under the provisions of Section 125 of the [Companies Act, 2013](#)**.
- The Authority is entrusted with the responsibility of administration of the IEPF, which, besides promoting awareness among investors, **makes refunds of shares, unclaimed dividends, matured deposits and debentures** and so on to rightful claimants.
- As for investment education, the idea is to reach out to household investors, housewives and professionals alike in rural and urban areas and teach them the basics.
- **Focus areas include primary and secondary capital markets**, various saving instruments, the instruments for investment (such as mutual funds, equity, among others), making investors **aware of dubious Ponzi and [chit fund schemes](#) and existing grievance redressal mechanisms**, among other things.

Why is there a Concern about Cryptocurrency?

- The crypto dilemma stems from concerns about the **unregulated currency having a destabilising effect** on the monetary and fiscal stability of a country.
- Further, crypto exchanges in India are being investigated for their alleged involvement in unlawful practices such as **[drug trafficking](#), [money laundering](#), [violating foreign exchange legislation](#) and [evasion of GST \(Goods and Services Tax\)](#)**.
 - As on December 2022, Rs 907.48 crore have been attached/seized, three persons have been arrested and four prosecution complaints have been filed before the Special Court, **[Prevention of Money Laundering Act \(PMLA\)](#)**.
- The immutable, public nature of the blockchain makes crypto a poor choice for money laundering

because it allows law enforcement to uncover and trace money laundering far easier than cash transactions.”

- The [Reserve Bank of India \(RBI\)](#) has recommended framing legislation on the sector. It is of the view that **cryptocurrencies should be prohibited**.

What about Online Gaming?

- The Ministry of Electronics and Information Technology (MeitY) has been appointed the nodal industry for **online gaming in India; for e-sports, the nodal agency is the Department of Sports**, under the Ministry of Youth Affairs and Sports.
- A proposed framework for Central regulation by MeitY is **expected to address issues faced by the sector**.
- For instance, there is confusion about the **definitions of a ‘game of chance’ like fantasy games, and a ‘game of skill’**, a term which has been used in the Public Gaming Act (1867) but has not been spelt out. There are risks from cybercrimes as well.
- In a ‘game of skill’, while the element of chance cannot be entirely ruled out, it is the ‘element of skill’ (mental or physical skill of the user) that **plays a dominant role in determining the outcome of the game** rather than pure chance.
- As per several rulings of the [Supreme Court](#) and several [High Courts](#) clearly establish **‘Games of Skill’ as legitimate business activities protected under Article 19(1)(g)** of the Indian Constitution.
- These rulings have also emphasized a clear distinction between ‘Games of Skill’ and ‘Games of Chance’.
- Despite these court rulings, **online skill games have faced restrictions in a few States due to addiction**, financial losses and the thin line between skill and chance.

Way Forward

- Apart from the outreach programme, **there has to be a regulatory mechanism for the crypto sector**.
- If the government takes a heavy-handed approach and starts saying things like virtual currency is not legal in India, that will not be entirely true. People **may presume incorrectly that it is illegal**, and One may be indulging in unlawful transactions like money laundering using crypto assets. But unlawful transactions **can also be executed using legal banking channels as well**.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Prelims

Q.1 With reference to “Blockchain Technology”, consider the following statements: (2020)

1. It is a public ledger that everyone can inspect, but which no single user controls.
2. The structure and design of blockchain is such that all the data in it are about cryptocurrency only.
3. Applications that depend on basic features of blockchain can be developed without anybody’s permission.

Which of the statements given above is/are correct?

- (a) 1 only
- (b) 1 and 2 only
- (c) 2 only
- (d) 1 and 3 only

Ans: (d)

Q.2 The terms ‘WannaCry, Petya and EternalBlue’ sometimes mentioned in the news recently

are related to (2018)

- (a) Exoplanets
- (b) Cryptocurrency
- (c) Cyber attacks
- (d) Mini satellites

Ans: (c)

Mains

Q.1 What is Cryptocurrency? How does it affect the global society? Has it been affecting Indian society also? (2021)

Source: TH

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