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Indian Crypto Users May 'Force' Policy Shift Amid Mounting Demand

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India's expanding cryptocurrency user base may soon drive a significant policy change, as investor demand continues to rise despite steep taxes and regulatory uncertainty. Digital assets such as Bitcoin and Ethereum are drawing growing interest from traders, wealth managers, and everyday investors across the country.

Speaking during the Binance Crypto-Powered Tour in Bhutan, crypto educator Sujal Jethwani, who has over 400,000 followers, said the market is evolving rapidly and the government may have no choice but to respond. “If you see the numbers, all the stock market and forex traders are moving to crypto. People are not going to leave it,” he said.

India currently enforces a 30% capital gains tax on earnings from virtual digital assets, along with a 1% tax deducted at source (TDS) on transactions over ₹10,000 (about \$115). Despite these high tax burdens, interest in crypto has remained resilient. Jethwani compared the market to a “suppressed spring,” noting that activity continues to grow, even under pressure.

The political landscape is showing early signs of change. BJP spokesperson Pradeep Bhandari recently proposed the creation of a national Bitcoin reserve and called for the development of clearer, structured crypto regulations. At the same time, the Reserve Bank of India (RBI) has indicated it is closely monitoring international crypto policies and is reportedly reviewing a potential framework of its own.

Crypto adoption is no longer confined to India’s major cities. Recent figures show transaction volumes in mid-sized cities such as Nagpur, Jaipur, and Lucknow have more than doubled, reaching a combined total of \$1.9 billion in recent quarters. This growth reflects broader interest in digital assets beyond traditional financial centers.

With underperformance in conventional investment sectors, wealth managers and family offices are increasingly turning to crypto as a potential hedge and yield-generating option. Digital currencies like Bitcoin and Ethereum are being seen as viable alternatives in long-term portfolios.

Jethwani believes a policy shift is inevitable. “The Indian government is going to take it seriously sooner or later. Users will force it,” he said. While regulatory changes may unfold slowly, the rising popularity of crypto is placing mounting pressure on policymakers to act.