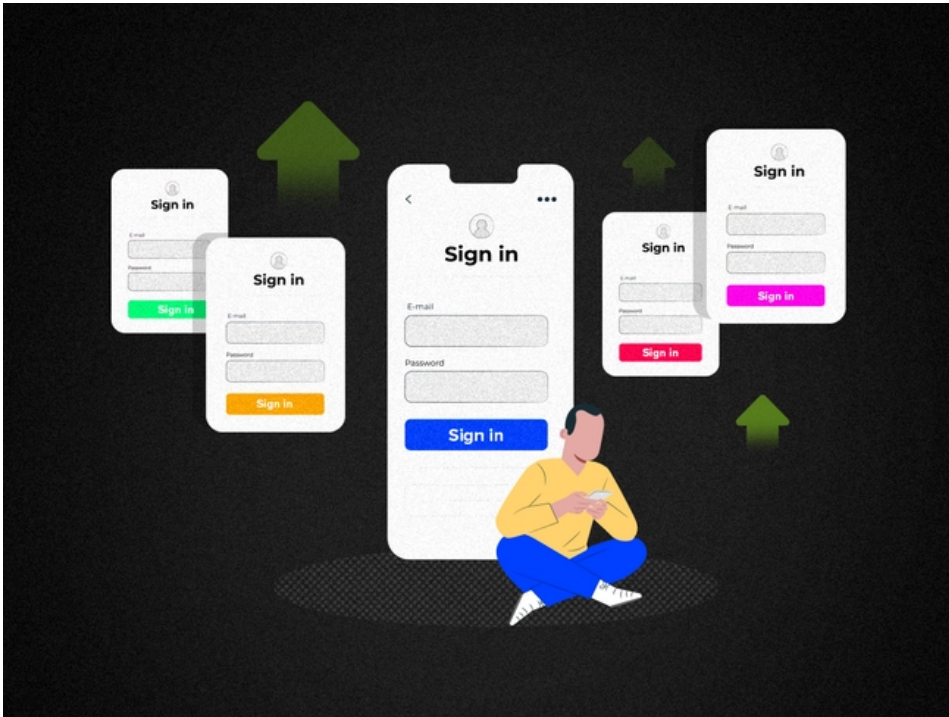


Signups jumped 30-50% on budget day, crypto exchanges say

Synopsis

Several crypto exchange executives told ET the spike was a result of pent-up interest among risk-averse investors as well as corporates who feared that the digital assets would be outlawed in India.



ETtech

Mumbai: Even as the crypto investors and exchanges scanned the fine print of India's proposed tax rules for [crypto assets](#) that the finance minister announced in her budget speech, new user signups on crypto platforms spiked 30-50% on Tuesday, according to data from these companies.

The data, from crypto firms WazirX, CoinSwitch Kuber, and Unocoin, showed all three platforms saw a 30-50% spike in new users downloading the app and completing the signup process.

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Several [crypto exchange](#) executives told ET the spike was a result of pent-up interest among risk-averse investors as well as corporates who feared that the digital assets would be outlawed in India.

“The spike in signups shows that the majority of people, especially corporates who have been sitting on the sidelines because of uncertainties, will now be able to participate in crypto. Overall, it's a positive move for the industry,” said Nischal Shetty, CEO of WazirX. “The tax clarity is a welcome move. It is a huge relief to see that our government is adopting the progressive stance of going ahead in the direction of innovation.”

ET reported on Tuesday that proposed tax rules— [a 30% tax on gains and 1% tax deductible at source \(TDS\) on every crypto transaction, with no deductions allowed](#)—could hurt active traders in India. However, executives said the effects of the proposal were not immediately apparent and would only become clear in the coming financial year.

“The negative impact, in this case, is not immediate as people at least have till March 31, 2022 to respond to it,” said Sathvik Vishwanath, cofounder of Unocoin. “The budget announcement did give some clarity on taxation at least, even though it did not spell out full regulation. The taxation rules have caused many people who were on the fence to jump on the bandwagon.”

A spokesperson from CoinSwitch Kuber said the 30% spike in user signups it saw on Tuesday in comparison to Monday was due to the company's ongoing investor education initiative, and could not be seen as a reaction to the budget.

Some jump the gun, declare crypto 'legal'

After the budget speech, a handful of crypto company CEOs, social media influencers who work with crypto exchanges, and crypto evangelists claimed that the digital assets had effectively been legalised in India or could not be banned. But this interpretation is wrong, according to several legal experts ET spoke to, and government officials themselves.

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Sitharaman said after her budget speech, "Taxing does not automatically bring legitimacy", adding that it could not be said a ban was off the table as consultations were on.

Despite this, one of the world's largest exchanges Binance, owner of WazirX, published a blog post on how crypto was now legal in India. Its founder Changpeng Zhao reiterated the claim in a tweet. Binance did not immediately respond to ET's queries.

Crypto is legally recognized in India, with a 30% tax.

— CZ  Binance (@cz_binance) [1643705329000](#)

Former general partner at Andreessen Horowitz Balaji Srinivasan, who has been actively involved in promoting crypto and blockchain technology in India, also tweeted, “India is legalising crypto-assets”. He later posted a clarification saying it was “highly unlikely that they are going to veer backward from this announcement towards a ban”.

 This is why I used the present continuous tense, namely "India is legalizing." Yes, on the present path some prov...
<https://t.co/Mf3WQ6kTTD>

— Balaji Srinivasan (@balajis) [1643716566000](#)

“I think in general the movement by the legislature is towards regulating [crypto]. But I personally don't think we can say taxing something is a step towards legalising it. They have treated it similar to gambling winnings in my view. It's not an attractive tax regime, even if it's clearer [than before]. I do not read any favourable view on the legality of it based on yesterday's amendment,” said Meyyappan. N, leader, international tax at Nishith Desai Associates.

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