**India’s tryst with blockchain**

*RBI is considered to be one of the first central banks to start CBDC pilot programs*

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Crypto, or [cryptocurrency](https://financialexpress.com/about/cryptocurrency/), has been a polarising topic for years. Its evangelists believe that cryptos are the future – the internet of value—while its opponents view them as a speculation with no real underlying value or even as a scam. A lot also has to do with the times we live in, where everything is binary: for or against. Some of it comes from a lack of understanding — many people don’t understand how cryptocurrencies work or what they are used for. The fact that cryptos are extremely volatile, with prices fluctuating wildly in short periods of time, draws unwanted attention. This young [industry](https://www.financialexpress.com/business/industry/) is also dealing with its own set of issues, such as bad actors, bankruptcies, and numerous scams.

As the debate rages on, the really smart people have understood what this technology can really do and have quietly gone about their business, be it investing, building, or leveraging crypto in their business. In this article, we will look at what’s happening in the space from an investor point of view and how some companies are using crypto.

The Indian government’s stance on cryptocurrency has been somewhat mixed; the Reserve [Bank of India](https://www.financialexpress.com/market/bank-of-india-share-price/)’s position is well known. The government has taken a practical approach to crypto. They will not roll out the red carpet, but at the same time, they will not kill the industry. The aggressive tax laws that were announced in the last budget remain unchanged, even though data shows that they have been instrumental in driving trading volumes to foreign exchanges.

Trading volumes at [India](https://www.financialexpress.com/india-news/)’s largest crypto exchange was 48 billion last year; after the new tax laws, volumes have plummeted to 10 billion. Hopefully, the government will amend the tax laws to level the playing field for Indian exchanges.

There are several Indian blockchain startups making an impact in the market, such as Signzy, which uses AI and blockchain to create user-friendly digital banking infrastructure. Polygon is another well-known example. It offers a fast, low-cost platform for blockchain transactions. The Indian blockchain market is expected to continue to grow, with the global blockchain market projected to reach a market size of $69 billion by 2027. Crypto entrepreneur Nischal Shetty, the co-founder of WazirX, has already raised 18 million dollars as seed money for his new project, Shardeum. Also, foreign investors are interested in Indian crypto and blockchain startups, though local investors are still wary of the industry.

Even though the RBI is very tough on crypto, it was one of the first central banks to start CBDC pilot programs. India is the world leader in digital payments, and the government and RBI seem determined to leave no stone unturned to maintain this lead. Using CBDCs has benefits over other payment methods, including a reduction in operational costs associated with physical cash management, promoting financial inclusion, bringing resilience, efficiency, and innovation to the payments system, enhancing the settlement system’s efficiency, and fostering innovation in cross border payments.

The Indian industry also seems to have taken a shine to blockchain. Enterprise blockchains, also known as private blockchains, use distributed ledger technology to produce and manage digital assets in a safe and decentralised manner. Enterprise blockchain is often a permissioned blockchain system, with access restricted to authorised parties. Validators monitor the blockchain ledger to ensure data quality and consistency. The system is fast and scalable for high-volume transaction organisations. It can be used in a variety of industries, such as financial services, supply chain management, manufacturing, and many more.

Here are some examples of Indian companies using blockchain technology:

[Kotak Mahindra Bank](https://www.financialexpress.com/market/kotak-mahindra-bank-ltd-share-price/): Kotak Mahindra Bank is India’s largest private sector bank and is known for using blockchain technology in various ways. One of the most notable uses of blockchain by the bank is in trade finance transactions, where it leverages Enterprise to speed up, secure, and clarify trade financing transactions between importers, exporters, and others.

[Hindustan Unilever](https://www.financialexpress.com/market/hindustan-unilever-ltd-share-price/): Hindustan Unilever is India’s largest consumer goods company and has been using blockchain technology to track and manage its supply chain. With Enterprise, the company can trace items and supplies in real time, eliminating fraud and ensuring compliance.

Tech Mahindra, an Indian IT services company, has been using blockchain technology to build a next-generation supply chain platform that gives full visibility and control over all supply chain operations. The platform leverages blockchain to enable real-time tracking, visibility, and traceability of goods and transactions, as well as automated payment processing.

The State Bank of India (SBI), India’s largest public sector bank, is part of a consortium of banks that have formed a new company called the Indian Banks’ Blockchain Infrastructure Company (IBBIC). The company aims to use blockchain technology to power letters of credit, a move that could be a boon for MSMEs.

NSEIT: NSEIT, an Indian IT services firm, created an enterprise-based blockchain system for employee credentials. The technology decentralises and tamper-proofs personnel credentials like degrees and certifications.

Overall, Indian companies and investors are looking into opportunities in crypto and blockchain technology more and more. This is shown by the growing number of startups, funding rounds, and companies incorporating blockchain. However, the regulatory environment and uncertainty remain a concern for some investors and companies.