

# Exclusive Interview With Nischal Shetty - Coinpedia

**Coinpedia:** 1. Do you believe India will eventually reduce the 30% tax on crypto gains and the 1% TDS? If yes, what changes do you expect, and over what timeframe?

**Nischal:** I'm hopeful, yes. I won't put a date on it because policy moves at its own pace, but the direction matters more than the timeline, and the direction is finally encouraging. My honest wish is that we either scrap the TDS or bring it down to something like 0.01%. The current 1% TDS pulls working capital and kills the liquidity that keeps a market healthy. The good news is that the recent moves toward proper reporting norms and FIU guidelines tell me the government is building toward a real framework rather than walking away from the sector. Tax rationalisation usually follows that kind of maturing. I'd expect meaningful change over the next two to three years, and frankly, the Indian ecosystem has always found a way to adapt and grow in the meantime.

**Coinpedia:** 2. What's been the biggest damage caused by the 1% TDS rule?

**Nischal:** Liquidity. That's the one-word answer. The TDS doesn't hit you once for an active trader; it compounds across every transaction, which makes serious trading on Indian platforms simply unviable. Add to that the fact that you can't offset your losses, and you've created a structure that quietly pushes the most active users away. So the real damage isn't just lower volumes on Indian exchanges, it's that India lost its market depth, its price discovery, and a chunk of its trading talent to platforms sitting outside the country.

**Coinpedia:** 3. Has the tax and regulatory structure pushed Indian traders toward offshore exchanges? What does that mean for India's digital asset industry?

**Nischal:** Completely, and this is the part that worries me most. The tax didn't stop Indians from trading crypto it just changed where they do it. A huge share of volume moved offshore, to platforms that are outside Indian tax collection, outside Indian jurisdiction, and outside any Indian consumer-protection framework. The fix is to make it genuinely attractive to stay onshore, with favourable tax and clear rules that reward locally registered, KYC- and AML-compliant platforms.

**Coinpedia:** 4. How important is stablecoin adoption for the future of crypto in India?

**Nischal:** I'd say it's central. Most people honestly don't want to ride the volatility of Bitcoin or Ethereum; they want money that's fast, cheap to move, and programmable. That's exactly what a well-regulated stablecoin gives you. Stablecoins are the bridge that turns blockchain from a speculative asset class into something an ordinary person uses for payments, remittances, settlements.. If adoption in India reaches population scale, stablecoins are most likely where it starts.

**Coinpedia:** 5. If an INR-backed stablecoin is introduced, could it strengthen the international use of the rupee in cross-border payments and trade?

**Nischal:** I think it genuinely could, and that's an exciting prospect. A properly backed, regulated INR stablecoin would let businesses settle in rupees directly on-chain instantly, 24/7, across the world. For the trade corridors where India is already a big partner, that's a very real way to expand how much the rupee gets used globally, without having to wait for legacy infrastructure to catch up. The one non-negotiable is regulation: the reserves have to be transparent, audited, and properly overseen. Done right, it doesn't compete with the RBI's digital rupee; it complements it and takes the Rupee international.

**Coinpedia:** 6. Do you see tokenized real-world assets (RWAs) becoming a significant opportunity in India? Which sectors adopt first?

**Nischal:** Yes, I see RWAs as a serious opportunity, though I'd expect it to be institution-led before it's retail-led similar to how I view blockchain for land records. The earliest adoption will likely be in government securities and bonds, where tokenisation makes settlement faster and more transparent. After that, gold and commodities, simply because Indians already hold those in huge numbers, and then fractional real estate, which is an asset class that's historically been slow, illiquid, and buried in paperwork. Tokenisation can genuinely unlock it. The bottleneck here was never the technology. It's regulatory clarity on what a tokenised claim legally means. Get that right and this market opens up quickly.

**Coinpedia:** 7. What policy changes would you most like to see from Indian regulators over the next two to three years?

**Nischal:** Three things, in order of priority. First, fix the tax, remove or sharply cut the TDS and allow loss offsetting, so there's a real reason for activity to stay in India. Second, give us a clear, comprehensive regulatory framework that treats compliant, FIU-registered exchanges as the legitimate, regulated financial businesses they are. And third, I'd love to see us move from "Blockchain yes, crypto no" to "blockchain and crypto." You can't build B2C use cases without crypto, and B2C is what creates a domestic startup ecosystem, generates jobs, and keeps innovation in India instead of handing it to other countries.

**Coinpedia:** On the May 20 Standing Committee on Finance meeting:

**Nischal:** I see it as a positive moment. Parliament inviting WazirX, along with Binance and ZebPay, to its study on Virtual Digital Assets is a meaningful step towards regulatory clarity. India is a large nation and cannot simply use existing frameworks for crypto regulation as is. We will need to build something that suits our country and its people and that is a challenging objective to achieve. I'm sure over time through such efforts we will arrive at the right framework for crypto in India.