

COIN GABBAR'S MONTHLY BULLETIN

1ST MARCH
2023



**STABLECOIN
REGULATIONS**

**TAXATION OF
CRYPTOCURRENCY**

**TALE OF
INDIAN CBDCs**

**RENDEZVOUS WITH
PRATIK GAURI
FROM 5IRECHAIN**

DUBAI & BLOCKCHAIN TECHNOLOGY



سلطة تنظيم الأصول الافتراضية
VIRTUAL ASSETS REGULATORY AUTHORITY





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EDITORIAL

The Market outlook has been relatively stable during the month of February. As the FTX case unveiled, a lot of things came to light making it more clear that the whole situation was not a result of the inherent risk in Crypto Industry but the ambition of a man who played with the resources of the organization and a lot of Financial Resources at his disposal.

However, the market showed an overall positive sentiment during the month. The price of the assets has been showing resistance giving investors the hope that the Winters might be receding in their effect now. However, a rapid increment in the price scenario has not been seen.

In the side events of G20 meetings, India has been seen using its presidency to push the agenda of a uniform regulation on Virtual Assets across the geographies. Meanwhile Dubai, becoming a Unicorn, released the VARA guidelines to ensure that Dubai stays ahead in the game in pulling all the potential business opportunities in the Crypto space. This move has also put other tech manpower producing economies like India in a fix and in some way, to make them run on a deadline. With this, even SEC has come forward by taking a clear stand in the direction of Crypto recognition and regulations.

To sum it up, the month has shown certain stability with a positive sentiment and we can say that the future is bright from this point onwards.



Sudeep Saxena

Co-founder at CoinGabbar

GLOBAL MARKET WATCH



The month of Feb started with a gentle rate hike by FOMC. The initial weeks played a crucial role in establishing whether the rally observed in January was an indication of a brighter future in 2023 or just a temporary rise in the bear market. Here is what all happened in February.

February FED Meeting

The FOMC increased the FED funds target rate by 25 bps to a range of 4.50% to 4.75%, as many had anticipated. This latest rate hike on February 1 showed that the Federal Reserve's tightening of monetary policy is slowing down. The bank had raised rates by 50 bps in December and 75 bps in each of the previous four meetings.

European Blockchain Convention

The European Blockchain Convention took place on February 15-17 in Barcelona. The event included more than 200 speakers from all over the world. The event was focused on the future of blockchain, NFTs, decentralized finance and Web 3. Post that was the tenth annual Blockchain Life forum. This one took place on February 27-28 in Dubai.

FTX Fallout Continues

As per reports, on February 20th, FTX Japan, the Japanese arm of the renowned cryptocurrency exchange FTX, announced in a press release that the withdrawal of users' fiat currency and crypto assets would commence at midnight on the Liquid Japan web platform.



Paxos Faced Charges by SEC

The Securities and Exchange Commission has elected to take legal action against Paxos for releasing the Binance USD Coin. Despite minor fluctuations throughout the day, BUSD has managed to remain true to its reputation of stability, never dipping below \$0.9995.

February Sees Decrease in Crypto Job Losses

Despite the crypto industry being hit hard with layoffs in January, the past month has shown a significant slowdown in job cuts. According to reports, only 570 employees were let go in February, compared to over 2,900 in the previous month. Polygon, Dapper Labs, Immutable, Bittrex, Magic Eden, Fireblocks, Protocol Labs, and The Block all revealed reductions in their workforce, with Polygon cutting 100 jobs alone.

Bitcoin Analysis as Per Chart



Bitcoin prices have skyrocketed by 37.49% since the beginning of the year and fell by 2.71% this month. In January, BTC surged by 40.20%, breaching the \$20,000 mark and continuing to climb, eventually reaching the psychologically significant level of \$25,000.

Bitcoin reached its six-month peak in February, as the latest attempt to break through the \$25,000 resistance level was unsuccessful. Bitcoin's setback at the \$25,000 threshold may cause apprehension for certain investors. Bears are now firmly resisting at the \$25,000 level, and there have been multiple rejections to surpass this level between February 16th and February 21st. Currently, it appears that the \$21,400 support is gaining more strength.

The Federal Reserve, as expected, raised its key short-term interest rate by a quarter of a percentage point, dialing back from the half-point hike in December and recognizing that the historic inflation surge is beginning to decelerate. In their statement following the two-day meeting, the Fed noted that “inflation has moderated, yet remains elevated.”


The minutes of the Federal Reserve's monetary policy meeting on February 22nd revealed that some members view the likelihood of the U.S. economy entering a recession in 2023 as substantial.


Bitcoin (BTC) began the month with a bullish green candle, forming a low of \$22,753 on February 1st. The price then continued its upward trajectory, closing near \$23,133 on February 28th, representing a loss of approximately 0.01%. During the month of February, Bitcoin made a low of \$21,359 and a high near \$25,275 on 16th February 2023. The long-term hurdle is near the \$25,300 area, which is the high of 16th February 2023. If BTC breaks through this resistance, it could open up the possibility of a rally towards \$30,000. On the support side, \$21,400 is the major support level; if the price closes below this, the bears will likely regain control and push the price towards the \$20,000 round number.

Price Updates for Cryptocurrencies in February


*The below-mentioned prices were last updated on Feb 28 at midnight (IST)


For February, the broader crypto market saw a Roller Coaster ride. At the time of writing, the global cryptocurrency market cap stands at \$1.14 trillion, a rise of 9.61% in the last month. At the start of the month, the total crypto market cap was \$1.04 trillion.


The crypto market leader, **Bitcoin (BTC)**  price is currently trading at \$23,133. This follows a 0.01% decrease in the last 30 days. At the start of the month, Bitcoin's price was trading at \$23,135.


As per CoinGabbar statistics, **ETH** , the second largest cryptocurrency by market cap, is currently trading at \$1,605, which increased by 1.24% in the last 30 days. At the start of the month, ETH's price was trading at \$1,585.


In addition, the price of **Binance (BNB)**  has decreased by 3.60% in the last 30 days, currently trading at \$301. BNB is currently ranked 4th in CoinGabbar's top cryptocurrency ranking in terms of market cap. At the start of the month, BNB's price was trading at \$312.

The price of **XRP**  also decreased by 7.18% in the last 30 days, currently trading at \$0.3762. XRP is currently ranked 6th in CoinGabbar's top cryptocurrency ranking in terms of market cap. At the start of the month, XRP's price was trading at \$0.4058.

The price of **Cardano (ADA)**  has decreased by 9.80% in the last 30 days, currently trading at \$0.3517. ADA is currently ranked 8th in CoinGabbar's top cryptocurrency ranking in terms of market cap. At the start of the month, ADA's price was trading at \$0.3902.

Dogecoin (DOGE)  is currently trading at \$0.08085. DOGE is currently ranked 9th in CoinGabbar's top cryptocurrency ranking in terms of market cap. It has decreased by 15.95% in the last 30 days. At the start of the month, DOGE's price was trading at \$0.09613.

The price of **Polygon (MATIC)**  is currently trading at \$1.1964 and increased by 7.70% in the last 30 days. MATIC is currently ranked 10th in CoinGabbar's top cryptocurrency ranking in terms of market cap. At the start of the month, MATIC's price was trading at \$1.1095.

The price of **Solana (SOL)**  is currently trading at \$21.88 and decreased by 8.60 in the last 30 days. SOL is currently ranked 13th in CoinGabbar's top cryptocurrency ranking in terms of market cap. At the start of the month, SOL's price was trading at \$23.93.

Another meme coin, **Shiba Inu**  currently trading at \$0.000012016 and also rose more than 2.54% in the last 30 days. SHIB is currently ranked 15th in CoinGabbar's top cryptocurrency ranking in terms of market cap. At the start of the month, SHIB's price was trading at \$0.000011810.



FEATURES OF THE MONTH

Dubai: A City Harnessing the Transformative Potential of Blockchain Technology



Dubai has established itself as a global pioneer in technological innovation, with its groundbreaking strides in the field of blockchain earning it a well-deserved reputation as a leading hub for transformation and progress.

The city has been at the forefront of embracing the potential of this disruptive technology, recognizing its ability to revolutionize industries, streamline processes, and enhance transparency and security. From government agencies to private sector enterprises, numerous entities in Dubai have adopted blockchain, making it a key driver of economic growth and development in the region.

With its ambitious vision and futuristic outlook, Dubai is constantly seeking new ways to harness the transformative potential of blockchain. Its efforts have led to several groundbreaking initiatives, including the Dubai Blockchain Strategy, which aims to make the city a global leader in the field. As a result, Dubai is rapidly becoming a hotbed of blockchain innovation, attracting top talent and cutting-edge technologies from around the world.

This cover story will delve into Dubai's blockchain ecosystem, exploring its various initiatives by the UAE government, leading projects shifted to this city, and its future prospects. We'll take a closer look at the city's journey toward becoming a blockchain hub, and how it is setting the stage for a new era of technological progress and prosperity.



Why did **Dubai** Adopt Blockchain Technology?

There is no doubt that Dubai adopted blockchain and crypto technology faster than any country in the world. Dubai left the 'first world' and 'technically advanced countries' far behind in embracing blockchain innovation and developing the world's safest crypto ecosystem. This agile adoption of new-age technology has to be accredited to the UAE leadership that decided to leverage the rise of a completely new sphere of technology.

Aiming to be ahead of the curve on blockchain innovation, the decision makers took no time in defining their goals and never hesitated in incorporating crypto to facilitate their targets. The city's government and private sector entities recognized the immense potential of blockchain to drive economic growth and enhance efficiency, transparency, and security. As a result, they have made significant investments in the technology, paving the way for a thriving ecosystem of blockchain-based solutions and services.

The UAE has also decided to make Dubai the happiest city on earth by leveraging technologies such as blockchain, AI, and IoT. Apart from that, Emirates is also focusing on three strategic pillars: government efficiency, industry creation, and international leadership. In this initiative, the government is trying to offboard all paper transactions by adopting blockchain tech and saving 5.5 billion Dhiraams every year. This equates to the total cost of building another Burj Khalifa from scratch.

Furthermore, Dubai's strategic location as a global trade and business hub has also contributed to its interest in blockchain. By leveraging the technology Dubai can unleash the potential to transform supply chain management and facilitate cross-border transactions. These proactive policies from the UAE government have positioned the city as a trailblazer in this rapidly evolving field.



Dubai: The First Choice for Blockchain Founders

Dubai aims to become a global hub for the metaverse community with the introduction of the Dubai Metaverse Strategy. The strategy focuses on developing Web3 technology and improving key sectors like tourism, education, retail, and healthcare using VR, AR, mixed reality, and digital twins.

The pillars of the strategy include real-time data, machine learning, IoT, AI simulation, and blockchain. The technology pillars are data, network, cloud, and edge computing, which prioritize real-world data acquisition, validation, and processing. Dubai plans to leverage 5G networks for edge processing and local data storage to build safe and secure platforms for users.

With this, Dubai is also taking a lead in the development of new Metaverses and we can expect this growth to translate into future reality in the times to come.

What Lies Ahead?

Dubai's proactive approach to embracing blockchain technology has positioned it as a global leader in the field, attracting top talent and cutting-edge technologies from around the world. The city's ambitious vision and futuristic outlook have paved the way for a thriving ecosystem of blockchain-based solutions and services, and it continues to drive economic growth and enhance efficiency, transparency, and security.

This is true that the future belongs to a world that knows little about centralization and heavily relies on peer-to-peer tech solutions. Dubai administration and policymakers are making it a reality.



ARE STABLECOINS INVESTMENT SECURITIES?



Understanding SEC's Take on Stablecoin Regulation

The controversy surrounding the stablecoin issuer Paxos and its relationship with U.S. regulators is rapidly intensifying. In the latest development, Paxos has taken a firm stance, declaring its willingness to defend itself against the Securities and Exchange Commission (SEC) with full force if required. This statement has only added fuel to an already blazing fire, leaving many wondering what the future holds for the company and the broader stablecoin industry.

Paxos Trust Company is a trustworthy name in the realm of limited-purpose trust companies and is authorized to issue BUSD stablecoins under the supervision of the New York State Department of Financial Services.



However, on February 13th, the Securities and Exchange Commission (SEC) of the United States delivered a Wells notice to Paxos, ordering an immediate halt to the minting of any BUSD. According to the SEC, the notice was issued due to "several unresolved issues" related to Paxos's management of its association with Binance.



Before the issuance of this notice, BUSD was ranked third as per the overall market capitalization of stablecoins. However, a steep decline, not only in the market capitalization of BUSD but also in other ETH-based stablecoins has been witnessed after 14th Feb.

As per the blockchain data, stablecoins worth more than a billion dollars were offboarded from the Ethereum blockchain, making it one of the biggest stablecoin off-boarding from the ETH mainnet.

According to the claims by SEC, Paxos should have registered BUSD as investment securities and should have abided by the regulations accordingly. However, Paxos claims that stablecoins are blockchain currencies and not investment assets.

What Are **Stablecoins**?

Stablecoins are a type of cryptocurrency that is designed to offer price stability by pegging their value to traditional fiat currencies, most commonly the U.S. dollar. Unlike other cryptocurrencies, their value is not subject to the same level of volatility and instead moves in line with the value of their backing assets. This provides users with the benefits of cryptocurrency technology, such as fast and low-cost transactions, without the added risk of price fluctuations.

Stablecoins have rapidly become the preferred mode of blockchain transactions due to their ability to avoid crypto volatility. Unlike other cryptocurrencies, stablecoins are not typically held with the expectation of generating investment returns on the locked value.

However, the SEC appears to have largely overlooked the unique use case of stablecoins and classified them as investment security, potentially limiting the growth and development of this emerging asset class.

Does Stablecoins Fits in **Howey's Parameters**

The Howey Test is a judicial benchmark utilized in the United States to ascertain whether a transaction constitutes an investment contract, a security type. It entails the scrutiny of an asset based on four parameters as follows:

- An investment of money
- In a common enterprise
- The expectation of profits
- Derived solely from the efforts of others

If the transaction meets these requisites, it qualifies as a security, mandating adherence to regulatory frameworks under securities laws. According to SEC, stablecoins issued by Paxos fall in the category of securities as per the Howey Test. However, the claim is yet to be proved in court by the SEC.

According to the first parameter of the Howey Test, a commodity must be an investment to qualify as a security. However, stablecoins do not fit this criterion, as people do not invest in them with the expectation of gaining returns on their investment. While engaging with stablecoins does require an initial investment of money, their value is entirely dependent on the price of a dollar, meaning that they are no more investment security than a dollar itself.



Stablecoins are certainly distinguishable from other non-stable crypto coins as they are not bought with the intent to make a profit but more for exchange.

“Where cryptocurrencies have become vehicles for high-growth, high-risk, investment, stablecoins aim for constancy”

Stablecoins could be classified as a common enterprise if they are pooling money to develop a blockchain ecosystem. The development of algorithmic mechanisms is based on the minting entity as they put efforts into the initial development and ongoing management and verification. However, once the algorithm has developed successfully, it would no longer need any effort from any managerial entity.

With this, a stablecoin can be classified as a common enterprise but it fails to fit into the fourth criterion in which the returns are generated from the efforts of others.

What Does the SEC Claim?

The SEC claims that stablecoin projects, despite being stabilized by an immutable algorithm, may still be considered investment securities and a means to generate profits. In some cases, stablecoin projects offer coin holdings at a discounted price before achieving algorithmic stability, to fund network development. Investors may see this as an opportunity to enter the ecosystem with the expectation of receiving higher returns when the project goes live.

The Securities and Exchange Commission (SEC) has established that funds collected through an Initial Coin Offering (ICO) for a stablecoin cannot be allocated towards the advancement or endorsement of any other blockchain or cryptocurrency token. Additionally, according to the guidelines, tokens must have immediate functionality and practicality at the point of sale.

Apart from this, It is also possible for the stablecoin holders to generate profits through arbitrage trading on different exchanges. But this is a challenge for any other currency and even certain products.

As Chairman Gensler highlighted in a recent statement, stablecoins that derive their value directly or synthetically from a security instrument, such as equities or other cryptocurrencies, could potentially face legal action or civil lawsuits on the basis that they are essentially a derivative of security in practical terms.

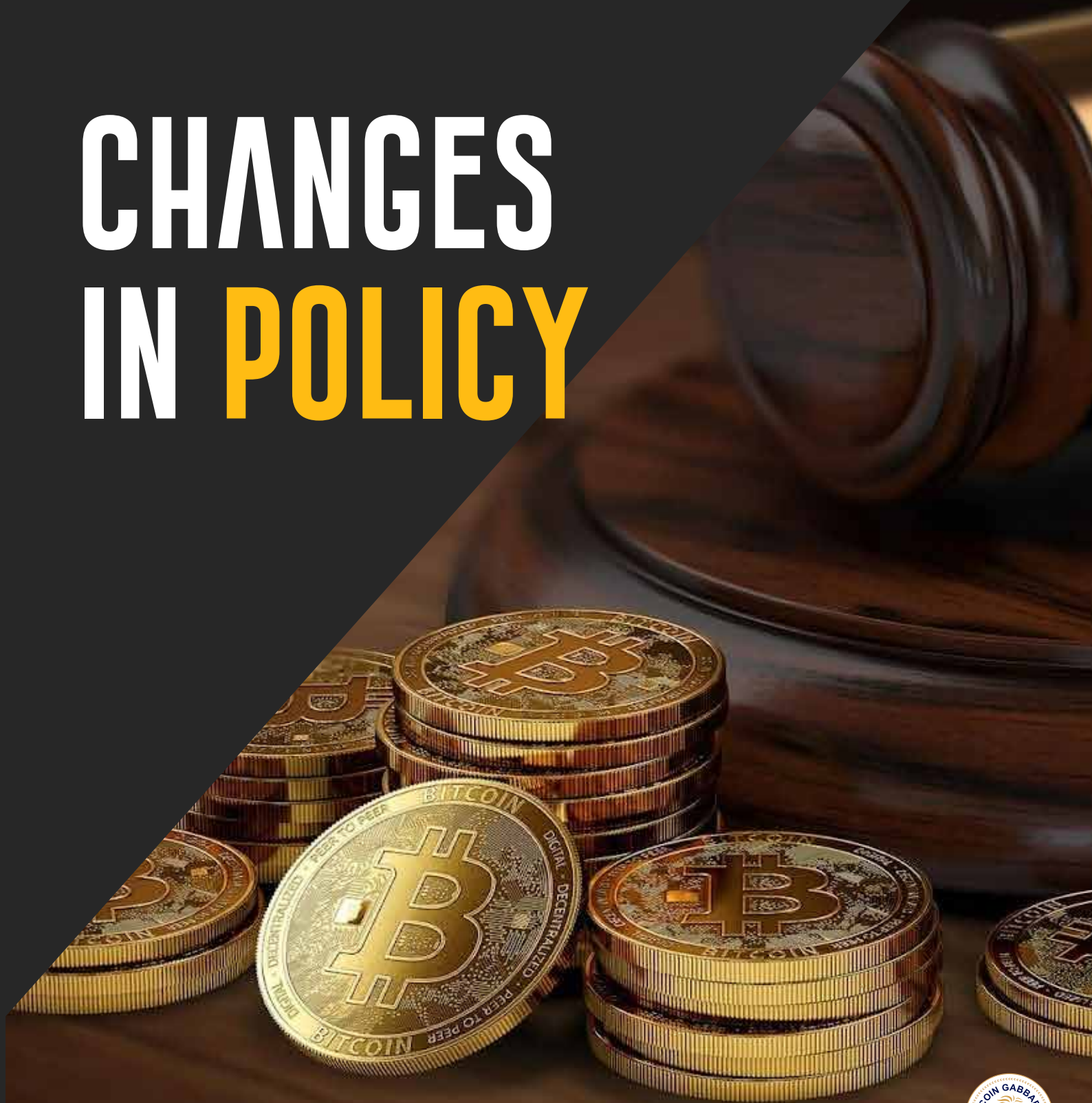
What **Lies** Ahead?

No matter what the claims blockchain experts give in the favor of Paxos, it has been asked to cease BUSD issuance and be dragged to court. On the other hand, Paxos is also confident about its operation and gearing up for the legal battle. This event is significant for the blockchain industry as it is undergoing a brutal bear market and this can further increase the liquidity flow out of the crypto market.

In addition, stablecoins that are not backed by fiat but by another asset should be evaluated based on the economic realities of the potential returns from investing in the underlying asset. If the asset providing the backing is speculative and prone to significant fluctuations, the stablecoin issuer must register it as a security to comply with regulatory requirements.



CHANGES IN POLICY



Crypto Policy and Regulatory Changes for February

Digital assets have received and will continue to get, a great deal more attention from regulators in recent years. The quick increase in market capitalization and high volatility can be attributed to the expansion in retail and institutional adoption. With several high-profile crypto business failures, fraud, scams, and misuse of user cash, consumer trust has been eroded in the industry. There has been sudden and intense scrutiny from regulators as a result of this. There is a clear need for a swift and all-encompassing global regulatory policy approach and supervisory structure to ensure increased consumer protection in light of the threat to market integrity.

Financial stability is being threatened by the seemingly overnight expansion of the global asset class, which is increasingly linked to the established financial system. Both the rapidity of the invention and the neglect of risk management increase the dangers. The drivers of global norms are ramping up their efforts to foster global coordination. Some municipalities have made it clear that they intend to position themselves as hubs for digital assets, technological innovation, and entrepreneurship on a global scale.

The new Markets in Crypto-Assets Regulation from the European Union is nearing completion. Authorities in Dubai, United Arab Emirates, are establishing the first organization in the world whose entire concentration is on virtual assets. Switzerland has a highly developed regulatory framework for digital assets, providing market participants with clarity on how their projects and activities will be handled from a legal and regulatory standpoint.

Globally, several nations are studying, defining, consulting, negotiating, and passing laws to incorporate digital assets into preexisting monetary order systems.



South Korea

On February 6, 2023, South Korea made news when it issued guidelines outlining how blockchain-based tokenized assets would be regarded and regulated as securities under the country's capital markets legislation.

On the same day, South Korea's leading securities business, Shinhan Securities Co., Ltd., announced the formation of the "STO Alliance," a consulting group for tokenized securities aimed at expanding the security token ecosystem.

The popularity of blockchain technology is perhaps predictable for South Korea, which has long been regarded as the global leader in excitement for using technology in daily life. South Korea has already ruled that virtual assets should be subject to the same rules as traditional securities. The country is 'tech crazy,' with one of the most computer-savvy and digitally-connected populations in the world.



UAE (United Arab Emirates)

The UAE is established as a hub for the virtual economy and is committed to addressing world-wide dangers of money laundering and terrorist funding, emerging from the possible misuse of new technologies. Today, however, with one of the world's first cryptocurrency deep "cold storage" companies operating in Dubai, it is apparent that the tides have shifted and the UAE cryptocurrency is actively participating in this global trend. **The Dubai Virtual Asset Regulatory Authority (VARA)** announced the much-anticipated Virtual Assets and Related Activities Rules 2023 on February 7, 2023. (Regulations). Finally, the Regulations explain how VARA plans to use the regulatory authority granted to it by the Law Governing Virtual Assets in the Emirate of Dubai (VAL).

Hong Kong

Hong Kong's Securities and Futures Commission (SFC) has called for feedback on a plan to mandate virtual asset trading platform operators to acquire the same sort of licensing the territory requires securities traders to obtain. The "painful" virtual asset events of the past year are cited in the 361-page consultation paper, such as the collapse of the Luna token and Terra stablecoin, the sharp drop in virtual asset prices, and the demise of FTX.

According to an official release, on February 20, 2023, SFC made a statement on the consultation process, defining a new regulatory system.





5ire

RENDEZVOUS WITH FOUNDER

CoinGabbar in Talks with **Pratik Gauri** from **5ireChain**

Gabbar Interviewed a serial Indian social entrepreneur, investor, public speaker and writer — **Pratik Gauri**, who is also known as the Creator of the 5th Industrial Revolution. Here's what the founder and CEO of 5ireChain had to say.

Before we beach on 5ire, Tell us about your background before founding 5ire.org

5ire is the 9th company I set up. Dealing with challenges is part of my entrepreneurial DNA. I see them as opportunities to create a new, shared, sustainable future. Like in many other cities around the world, there is a scope to create greater equality of opportunities in education and employment, drive greater financial inclusion, and figure out ways to lower the carbon footprint. All of these challenges can be addressed with the thoughtful application of technology.

How did you land upon the idea of 5ire? What was your vision when you started?

The lack of sustainable practices in blockchain has been a significant area of concern for stakeholders across the globe, and this has kept blockchain as technology from being widely accepted and adopted. Like platforms and companies that enabled bad behaviour that got us to the current ecological emergency, we must enable the communities/ companies and reward good behaviour. I saw sustainable development as the next big thing, and one day my co-founder Prateek Dwivedi and I were having a conversation over a cup of tea at a tea shop near a hotel where both of us were staying, and the idea struck us.



Could you tell us about your work so far?

The entire concept of 5ire and the 5th industrial revolution has been brewing since I was 16. I have spent the past ten years seeking technological solutions to jump-start United Nations' Sustainable Development Goals to impact 1B+ humans through this project's potential to act as a force for good.

How is 5ire helping **GenZ embrace blockchain technology?**

Both through communal action and education. You see, our traditional model of education, of memorizing facts, sitting in exams and gaining good grades is not exactly working for Gen Z. That is why we have partnered with Niti Ayog to promote Web 3 training.

Web3 will fundamentally alter the learning incentives for education. With the rise of 'learn to earn', education will become gamified and the benefits will be a lot more direct and in real-time. It will also allow for more personalized and self-directed learning experiences, as well as the development of new educational tools and resources. Web 3.0 could enable greater collaboration and knowledge sharing among educators and learners, as well as more secure and private data management. This will also result in the world shifting from a "value capture" economy to a "value creation" economy.

Few months back **5ire secured \$100 million in funding.** How is 5ire planning to use this funding?

Currently, we are very focused towards both community building and finding partners that are in sync with our tech and communal goals.

We plan on launching our partnerships along with the mainnet launch. Within 5ire we have a VC arm, a vibrant and global community, an educational arm, and a strong team of technologists. Our partnerships for early adoption have so far focused a lot more on collaboration on these different vertices of 5ire. Therefore in addition to tech, based on the nature of our partnership, we help different organisations with other things as well. For this, we have been collaborating closely with all our partners (private and governmental) to build synergies on the transition to blockchain.

In addition to the point of adding support, the adoption of technologies like blockchain for scaled organizations is not an overnight activity. It requires multiple steps like accessing the context, building a staggered adoption plan, and then finally launching. This is true for all blockchain layer 1s. Since these organisations have joined us as early partners we have been working with them on these steps with a lot more 1:1 attention. Now that the private testnet is live, we look forward to initiating the adoption process.

We would like to know about the recently launched **Testnet by 5ire.** Tell us all about Thunder (Beta)

Currently, we are focusing only on product development and the testnet. With our Testnet Alpha release, we have received interest from over 89,000 + web 3 folks to build on the testnet. Every day we get feedback from these developers and builders using the private testnet. Our team is actively working on processing this information to enhance the product experience.



What is the **one thing that helps you stand out** in the ever-evolving blockchain space?

Since the age of 16, I have socially engineered over eight multi-million dollar startups and provided leadership in entrepreneurship and social impact causes.

The core belief of my work is to prove the thesis of the 5th Industrial Revolution - "the more good a person does, the more money he will make."

Armed with a firm belief, I have taken on causes and intertwined the corporate world and impact investing. where I am working at the intersection of purpose and profits.

With the collaboration of equally spirited partners, I have a firm belief in the idea that purely for-profit organizations, the invention of the 4th industrial revolution, are no longer serving the purpose organizations and businesses need to serve in today's hyper-innovative world. So, my idea of the 5th industrial revolution is based on the "for-benefit", and in that vein, I am committed to helping transition the world economy from for-profit in 4IR to for-benefit in 5IR.

Many times you are heard saying, **service of humanity and social good can work hand-in-hand with business**. How does 5ire exhibit this idea in reality?

Here is a brief list of ideas that we are committed to executing and actively working towards.

Technologies like independent and highly reliable ESG scoring for organizations, digital ID and financial inclusion for the bankless, and systems that aid in making smart cities possible. These are not just promised to be fulfilled but built into 5ire's technology stack to provide highly reliable ESG monitoring systems that provide accurate, independent, and credible ESG scores, based on over 2 billion data points and cross-chain functionality with most major blockchain networks to allow services like financial solutions, and value transfer to the bankless.

As the Founder & CEO of 5ire.org, **where do you see 5ire in the next five years?**

I have envisioned 5ire to be building a sustainable and interoperable blockchain aiming to bring a paradigm shift from a for-profit to a for-benefit economy and enable the 5th industrial revolution. This also means we have to enable the communities/ companies and reward good behaviour. But, there is no singular platform where this is being done. You see, someone has to bring it together for the masses, and that is what the 5ire ecosystem is all about. It's not simply a Level 1 blockchain. It's an entire ecosystem that combines an exchange, an NFT marketplace, community education at the grassroots level, and a VC that can get budding entrepreneurs the help they need to create sustainable products and services and grow this ecosystem.



Where, according to you, does India stand when it comes to blockchain and crypto regulation in the country?

Blockchain technology has proven to be a hot topic over the past year, driving wealth creation and innovation across the globe, especially about virtual assets. While the technology has many applications beyond digital currencies, it has been widely touted for its ability to increase trust between two parties — even ones who may not know each other. In economies with low counter-party trust, this is a particularly useful feature.

Both in terms of supporting the adoption of Blockchain technology and providing resources for needed infrastructure, the Indian government has been playing a critical role in providing both the impetus and encouraging the development of the technology across both the academic and commercial sectors.

Any message for CoinGabbar users?

With the RBI leaping to issuing a concept note for the Indian CDBC and the finance minister still wrangling with the crypto regulations in India, it is critical that Web3 skills are the token to a robust VA economy in India and the doorway to innovations must be developed and retained in India.

Sustainable innovation stems from thinking through how a new kind of blockchain ecosystem like 5ireChain would propel a revolution across industries and impact the lives of over a billion humans.

Any monumental shift caused by Web3 will be the world shifting from a "value capture" economy to a "value creation" economy. This will require a new set of rules, which democratizes access to resources for creators and makes value creation as rewarding as capturing value. This means a direct relationship between the human capital and the consumers of its creation.

This, in turn, would mean most resources except intellectual and human capital will become commodities. Human capital as a producer of knowledge-based assets and creative industries will become the world's primary driver of economic growth.



LEARN WITH GABBAR



The Eminent Tale of Indian CBDCs

The Reserve Bank of India wants to use digital currency all over the country by the end of the year. However, multiple sources say the pilot program has already shown some problems.

India held two CBDC trials in 2022.

On November 1, nine financial institutions joined a CBDC wholesale initiative for the first time (CBDC-W). The second is a pilot program for CBDC stores (CBDC-R) that started on December 1 in Mumbai, New Delhi, Bangalore, and Bhubaneswar. The first four banks to join were the State Bank of India, the ICICI Bank, the Yes Bank, and the IDFC First Bank.

It is now in 15 places, with Chandigarh being the most recent. Reliance Retail is the biggest store in the country, one of the more than 50,000 customers and 10,000 small and large merchants who have signed up for the service.



What is CBDC?

In the words of RBI, "To put it simply, a CBDC is a digital currency issued by a central bank. It functions identically to fiat cash and may be traded for fiat currency one-for-one. It's the same thing below, but in a new guise ". To rephrase, "digital money" refers to a local currency that has been digitized or virtualized and is equivalent to real cash.

CBDC is a digital currency distinct from private crypto because it is supported and given by a government-backed bank. CBDC is equivalent to fiat currency issued by a bank but is not physically minted (or polymer). In the Reserve Bank of India books, it would be recorded as a liability because it is an electronic representation of a sovereign currency.

So, digital money made by the government is

- A currency that the government and central bank recognize
- Legal tender
- Contains digital content
- Equivalent to a currency based on faith rather than merit
- Uses blockchain technology as its foundation.



CBDC is a digital currency that has gained widespread use over the past decade, although not on par with virtual currency or crypto. You must know how CBDC differs from other digital currencies to grasp it well. The term "cryptocurrency" refers to a type of digital currency. It's important to note that not all digital currencies may be classified as cryptocurrencies.

Cryptocurrencies are secure despite the lack of encryption on digital currency since they employ blockchain technology. Because no one may issue their virtual currency, their obligations and liabilities are hidden.

Why has CBDC suddenly become well-known in India?

From at least 2013, the RBI has been considering the introduction of a CBDC. It needs to be apparent what the RBI would gain by giving a CBDC. Others maintain that this would lead to domestic monetary monitoring and security. Most countries are still working on CBDCs, while several have already begun using them. Eleven nations have established their digital currencies as of August 2022. Several countries, including China, are still researching and enhancing their CBDCs. A wide range of factors is propelling CBDC in India.

On the other hand, the necessity for CBDC originates from pursuing a more equitable and effective monetary system. Like that used in India's economic system, paper currency may be easily counterfeited or damaged over time. As a result, producing and distributing it is a costly undertaking.

Moreover, paper cash needs to be stronger regarding storage and transportation. This would guarantee that India can stay caught up to other nations when adopting cutting-edge financial innovations, keeping it at the forefront of global financial system innovation.

More people could participate in society if they had easier access to banking and other financial services, thanks to CBDC. Over 1.2 billion Indians do not now have access to formal financial services. Because of this, people cannot save money and secure their financial future. A CBDC might solve this problem by giving customers an alternative to traditional banking that is secure and easy to use.

Last but not least, CBDC has the potential to lessen the financial burden of producing and distributing paper money. As CBDC would be digital, it would be safer and cheaper to make, reducing these losses. As CBDCs eliminate the need for banks to handle transactions, the hefty costs that banks charge for services like international money transfers may be eliminated.

Payment systems could be made more efficient, streamlined, and global through the use of CBDCs. If an Indian buyer wanted to pay a foreign seller in digital dollars, the two parties could do so directly, cutting away any middlemen and completing the transaction immediately.



Why is a CBDC necessary?

CBDCs intrigue many, but thus far, only a few countries have moved past the prototype stage in building their own CBDCs. "A 2021 BIS study of central banks indicated that 86% were actively exploring the possibilities for CBDCs, 60% were experimenting with the technology, and 14% were conducting pilot projects," reads a quote from the RBI website. For what reason has there been a sudden flurry of curiosity? The following justifications have been made for CBDC's implementation: -

- Central banks, seeing a decline in paper money use, are looking to promote a more widely accepted electronic form of currency;
- Jurisdictions that use a lot of physical cash are trying to streamline the process of issuing currency.
- As private virtual currency use rises, central banks work to provide for this need while avoiding the worst effects of the alternative.

Significance of CBDC in India

Reducing reliance on cash, total currency management costs, and settlement risk are potential benefits of introducing CBDC cryptocurrency in India. Entrepreneurs would have a place to launch new ventures, while the public and companies would have access to a secure and liquid electronic version of central bank money. A more secure, trustworthy, regulated, and legally binding payment method would be established by introducing CBDC in India.

Here are some of the features of CBDCs:

- By monetary policy, a central bank issues a sovereign currency
- The easily transferable legal currency that doesn't require a bank account to be held
- To reduce the price of creating a new currency and doing business
- Appears as a liability on the books of the central bank
- The currency that may be exchanged directly with cash or commercial bank accounts
- To be widely recognized as a means of exchange, legal tender, and reliable store of value throughout all segments of society



Final Words

Thanks to technological advances, more services and ways of making things are becoming digital. We are on the verge of a new era in banking, and the digitization of money is the first step toward a more advanced way of handling money.

Several central banks have started making their digital currencies. These are called "central bank digital currencies" (CBDCs). By the beginning of 2023, India wants to have its digital currency. This currency would work like the electronic wallets that private companies already offer.

The CBDC will be the first digital currency supported by the government. The Reserve Bank of India (RBI) will make digital rupees, a digital currency issued by a central bank and backed by RBI reserves.

The digital rupee will be similar to other virtual currencies in many ways but also have unique traits. It will also make it easier for more people to use banking services and make printing and circulating money cheaper. CBDC has the potential to be better for users than traditional payment systems in the following ways: liquidity, scalability, adoption, ease of transactions, privacy, and speed of settlement.

The government's help with CBDC infrastructure is important for its growth, improvement, and ease of use. This change will make it easier for more people to use digital currencies, just like UPI did.

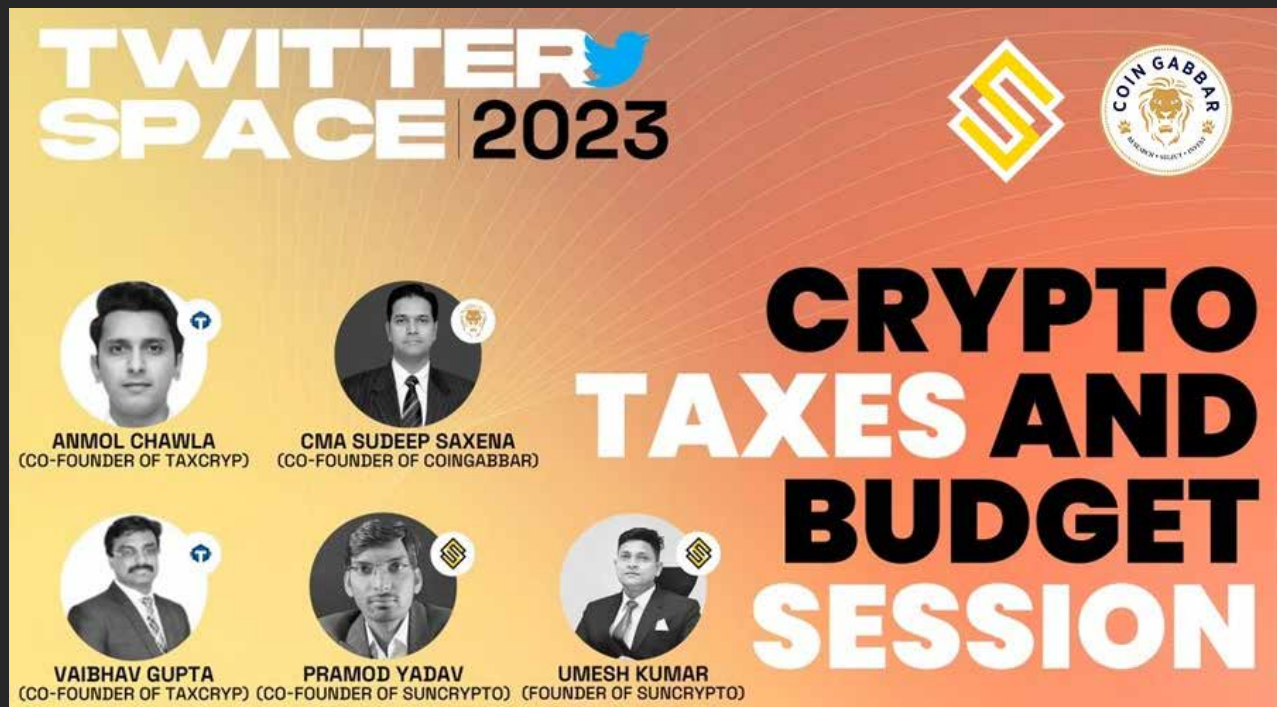




GABBAR ARCHIVE

#GabbarSpace: Taxation of Cryptocurrency in the Union Budget

For the month of February, CoinGabbar participated in a twitter space conducted by SunCrypto. The Twitter AMA session was all about taxation and the union budget. Here is a glimpse of it.



Cryptocurrencies are growing more popular than ever. As the financial year ends, investors are required to calculate their taxes. Unfortunately, calculating your cryptocurrency taxes is not as simple as it may appear.

To tackle this problem, renowned financial specialists in the crypto sector came forward to advise crypto investors on the proper taxation of cryptocurrencies.

In light of these circumstances, SunCrypto, the leading cryptocurrency exchange in India arranged "Crypto Taxes and the Union Budget: A Twitter AMA" with CoinGabbar. The discussion was focused on the taxation policy and provisions for cryptocurrency in the EU budget 2023. Many prominent figures in the cryptocurrency industry, including Umesh Kumar (co-founder of SunCrypto), Vaibhav Gupta (co-founder of TaxCryp), CMA Sudeep Saxena (co-founder of CoinGabbar), and others, joined for a discussion to help investors figure out how to pay taxes on their crypto investments.

Mr Indy, the co-founder of TaxCryp, stated that, as announced in February 2022, tax liability would be 30% on all absolute gains, with a 1% TDS levied beginning July 1, 2022.

Thus far, crypto taxation has not been reflected in revised Union budget plans. It is anticipated that no significant tax changes will occur within the next 12 months. Changes to policies about cryptocurrencies shouldn't be expected until we have a clear plan for how to regulate them.

According to CMA Sudeep Saxena, Co-Founder of CoinGabbar, it's better in the long run if we don't try to get short-term gains by avoiding TDS, moving to international exchanges to get away from GOI to avoid taxes, which is a bad idea. Because, in the end, the GOI has a tracking hand, it is simple for them to collect data from anywhere and everywhere, and once found guilty, heavy penalties, as well as jail sentences ranging from 6 months to 7 years, have been provided by law for TDS default.

The AMA Twitter session has placed enough focus on becoming a tax-compliant crypto investor to prevent lengthy legal procedures in the future. The meeting also emphasized trading on Indian-controlled exchanges with self-regulatory provisions. Moreover, it has been stated that while inter-head loss setoff is prohibited, intra-head loss setoff is permitted.

Well, since the government is working to bring the world to a global consensus, we can consider a firm crypto regulation policy soon.

To read about the whole meeting and stay updated with more such updates of the crypto world, visit **www.coingabbar.com** today!

