An Analysis of Recent Judicial Decisions and Remedies in Cryptocurrency Disputes

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Introduction

The rapid growth of cryptocurrency and Virtual Digital Assets (VDAs) has created difficult legal questions concerning regulation, investor protection and judicial remedies. Unlike traditional financial institutions, cryptocurrency exchanges operate in a relatively developing regulatory environment, raising questions about whether their actions can be challenged directly before constitutional courts. The Delhi High Court's judgement in *Rana Handa v. Bitbns Internet Private Limited & Ors.* and *Amit Ranjan & Ors. v. Union of India & Ors.* provide important guidance on these questions.[1] Both cases concerned users of the cryptocurrency exchange Bitbns who faced restrictions on withdrawing their funds.[2] The judgments primarily examined the scope of Article 226 of the Constitution of India, 1950, the meaning of "State" under Article 12 of the Constitution of India, 1950, the availability of alternative remedies, and the limits of judicial power in creating regulatory frameworks.

Facts and Background of *Rana Handa v. Bitbns*

In *Rana Handa v. Bitbns Internet Private Limited & Ors.*, decided by the Delhi High Court on 11 February 2026, the petitioner was a user of Bitbns, a platform dealing in Bitcoin and other virtual assets. He had joined the platform in September 2021 and invested approximately ₹14.22 lakh. Although he had withdrawn ₹9.22 lakh over time, his subsequent attempt to withdraw another ₹1 lakh was refused. Bitbns allegedly imposed a withdrawal limit of ₹5,000 without prior notice or

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[1] *Rana Handa v. Bitbns Internet Private Ltd. & Ors.*, MANU/DE/1206/2026; *Amit Ranjan & Ors. v. Union of India & Ors.*, MANU/DE/4725/2026.

[2] *Rana Handa v. Bitbns Internet Private Ltd. & Ors.*, MANU/DE/1206/2026, ¶¶ 3–5; *Amit Ranjan & Ors. v. Union of India & Ors.*, MANU/DE/4725/2026, ¶ 4.4.

justification. The petitioner also alleged that the value displayed on the platform was significantly lower than the prevailing market value of his Bitcoin holdings.[3]

The petitioner approached the Delhi High Court under Article 226 and sought several forms of relief. These included directions to government authorities to introduce stricter policies governing cryptocurrency exchanges, constitution of a Special Investigation Team under the CBI to investigate alleged financial fraud and cyber-related offences, and release of his invested funds.[4]

Decision in *Rana Handa*

The Court rejected the request for a CBI/SIT investigation. It recognised that a High Court possesses the power under Article 226 of the Constitution of India, 1950 to direct a CBI investigation, but emphasised that such power is extraordinary and must be exercised only in exceptional circumstances. Mere allegations are insufficient. In the present case, there was no FIR registered by the petitioner and the material on record did not establish circumstances justifying such an exceptional investigation. The Court therefore directed the petitioner towards the remedies available under the ordinary legal framework.[5]

The Court also held that Bitbns and the other private respondents were not "State" within the meaning of Article 12 of the Constitution of India, 1950. Since they were private entities and were not discharging public functions, they were not ordinarily amenable to the writ jurisdiction of the High Court.[6]

An equally significant aspect of the judgment concerned the petitioner's request for stricter regulation of cryptocurrency exchanges. The Court observed that a writ of mandamus ordinarily operates to enforce an existing statutory or legal duty. Where a regulatory framework does not exist, the Court cannot create one through mandamus.[7] Relying on the principle that constitutional

[3] *Rana Handa v. Bitbns Internet Private Ltd. & Ors.*, MANU/DE/1206/2026, ¶¶ 1, 3–5.
[4] *Rana Handa v. Bitbns Internet Private Ltd. & Ors.*, MANU/DE/1206/2026, ¶ 6.
[5] *Rana Handa v. Bitbns Internet Private Ltd. & Ors.*, MANU/DE/1206/2026, ¶¶ 7–10.
[6] *Rana Handa v. Bitbns Internet Private Ltd. & Ors.*, MANU/DE/1206/2026, ¶ 11.
[7] *Rana Handa v. Bitbns Internet Private Ltd. & Ors.*, MANU/DE/1206/2026, ¶ 14.

courts cannot direct the legislature to enact a law in a particular manner, the Court held that it could not assume the role of the legislature.[8]

The *Amit Ranjan* Case

The subsequent case of *Amit Ranjan & Ors. v. Union of India & Ors.*, decided on 2 July 2026, involved substantially similar circumstances. The appellants were users of Bitbns who were affected by a cyber incident and restrictions on withdrawals. They sought a regulatory framework for cryptocurrency exchanges, a CBI/SIT investigation, release of their funds and compensation for their alleged financial losses.[9]

The Single Judge had relied upon *Rana Handa* and granted the petitioners liberty to pursue appropriate alternative remedies. The petitioners challenged this decision before a Division Bench of the Delhi High Court. They argued that the issue was not merely a private dispute because a large number of investors were affected and cryptocurrency exchanges operated within a financial environment subject to taxation and other legal obligations.[10]

The Division Bench, however, dismissed the appeal. It held that the dispute remained essentially a private commercial dispute between individual investors and a private cryptocurrency exchange. The mere fact that numerous investors were affected did not transform the dispute into one involving enforceable public law rights. The Court further clarified that taxation of VDAs under the Finance Act, 2022 did not make private cryptocurrency exchanges "State" under Article 12.[11]

Article 226 and Private Entities

A central principle emerging from both judgments is the limitation of writ jurisdiction under Article 226 of the Constitution of India, 1950. Article 226 gives High Courts broad powers to issue writs for the enforcement of fundamental rights and "for any other purpose." However, the

[8] *Rana Handa v. Bitbns Internet Private Ltd. & Ors.*, MANU/DE/1206/2026, ¶ 15.
[9] *Amit Ranjan & Ors. v. Union of India & Ors.*, MANU/DE/4725/2026, ¶¶ 4.4–4.5.
[10] *Amit Ranjan & Ors. v. Union of India & Ors.*, MANU/DE/4725/2026, ¶¶ 3, 5.1–5.4.
[11] *Amit Ranjan & Ors. v. Union of India & Ors.*, MANU/DE/4725/2026, ¶ 8.

existence of broad constitutional power does not mean that every private dispute can be converted into a writ proceeding.[12]

In *Amit Ranjan*, the Court emphasised that the claims for release of funds required determination of individual investors' account balances and examination of whether the withdrawal restrictions were protective measures or amounted to mismanagement. Similarly, claims for compensation required evidence concerning the cause of loss, culpability and the exact amount of damages.[13] Such disputed questions of fact are generally unsuitable for summary adjudication under Article 226 of the Constitution of India, 1950.[14]

Thus, the judgments reinforce the distinction between public law remedies and private law remedies. Article 226 cannot ordinarily be used as a shortcut to recover money or obtain compensation from a private company where ordinary legal forums are available.[15]

RBI’s Regulatory Response to Virtual Currencies

The Reserve Bank of India’s approach to virtual currencies evolved from caution to a more stringent regulatory stance. Beginning with its 2013 public notice, the RBI repeatedly warned users and traders about the financial, legal, operational and consumer-protection risks associated with virtual currencies. This was followed by its Statement on Developmental and Regulatory Policies dated 5 April 2018, which identified concerns relating to consumer protection, market integrity and money laundering. Subsequently, the RBI’s Circular dated 6 April 2018 prohibited regulated entities from dealing in virtual currencies or providing services facilitating transactions involving them, including maintaining accounts, trading, settling and transferring funds.[16] The Circular was issued under the statutory powers conferred by the Banking Regulation Act, 1949, the Reserve Bank of India Act, 1934 and the Payment and Settlement Systems Act, 2007.

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[12] *Amit Ranjan & Ors. v. Union of India & Ors.*, MANU/DE/4725/2026, ¶¶ 8, 10–11.
[13] *Amit Ranjan & Ors. v. Union of India & Ors.*, MANU/DE/4725/2026, ¶¶ 10–11.
[14] *Amit Ranjan & Ors. v. Union of India & Ors.*, MANU/DE/4725/2026, ¶¶ 10–11.
[15] *Amit Ranjan & Ors. v. Union of India & Ors.*, MANU/DE/4725/2026, ¶¶ 12–13.
[16] Reserve Bank of India, *Prohibition on Dealing in Virtual Currencies (VCs)*, RBI/2017-18/154, DBR.No.BP.BC.104/08.13.102/2017-18 (Apr. 6, 2018). https://www.rbi.org.in/commonman/english/scripts/Notification.aspx?Id=2632

Judicial Restraint and Regulatory Gaps

The cases also demonstrate the principle of separation of powers. The petitioners argued that the absence of a comprehensive regulatory framework for cryptocurrency exchanges required judicial intervention. However, the Court maintained that identifying a regulatory gap does not give the judiciary authority to legislate.[17]

In *Rana Handa*, the Court specifically observed that if a particular area requires regulation where no applicable statutory framework exists, it is for the legislature to consider and address that issue. A court cannot issue a mandamus directing the legislature to enact a particular law or policy.[18]

This approach reflects judicial restraint. Although courts can protect legal and constitutional rights, they cannot substitute their own policy choices for those of the legislature.

Alternative Remedies

Importantly, the courts did not hold that the investors were completely without remedies. In *Amit Ranjan*, the Division Bench noted that a collective criminal complaint had already been filed before the National Cyber Crime Portal. It also recognised that remedies for recovery of funds and compensation remained available before civil courts and consumer commisions.[19]

Therefore, the dismissal of the writ petitions was not a declaration that the investors had no valid grievance. Rather, the courts held that the chosen constitutional remedy was inappropriate for resolving the particular dispute.[20]

Conclusion

The decisions in *Rana Handa* and *Amit Ranjan* establish an important position concerning cryptocurrency disputes and constitutional remedies. First, a private cryptocurrency exchange does not become "State" merely because it operates in an economically significant sector or deals with

[17] *Rana Handa v. Bitbns Internet Private Ltd. & Ors.*, MANU/DE/1206/2026, ¶¶ 14–15.
[18] *Rana Handa v. Bitbns Internet Private Ltd. & Ors.*, MANU/DE/1206/2026, ¶¶ 14–15.
[19] *Amit Ranjan & Ors. v. Union of India & Ors.*, MANU/DE/4725/2026, ¶ 13.
[20] *Amit Ranjan & Ors. v. Union of India & Ors.*, MANU/DE/4725/2026, ¶¶ 13–14.

assets that are subject to taxation.[21] Second, the fact that a large number of investors are affected does not automatically transform a private commercial dispute into a public law dispute.[22] Third, disputed questions concerning financial losses, individual account balances, fraud and compensation ordinarily require evidence and are better suited to civil or other competent forums. Finally, courts cannot compel the legislature to create a regulatory framework simply because an emerging sector presents regulatory difficulties.[23]

At the same time, these judgments highlight the continuing challenge of regulating cryptocurrency exchanges and protecting investors. The courts have clearly indicated the limits of their constitutional role, leaving the creation of comprehensive policy and regulatory mechanisms to the appropriate authorities. Consequently, *Rana Handa* provides the foundational principle, while *Amit Ranjan* reinforces and applies it to a subsequent appeal involving substantially similar facts. Together, the decisions demonstrate the importance of maintaining the boundary between judicial review, private commercial disputes and legislative policy-making in the evolving field of cryptocurrency law.

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[21] *Amit Ranjan & Ors. v. Union of India & Ors.*, MANU/DE/4725/2026, ¶ 8.
[22] *Amit Ranjan & Ors. v. Union of India & Ors.*, MANU/DE/4725/2026, ¶¶ 8–9.
[23] *Rana Handa v. Bitbns Internet Private Ltd. & Ors.*, MANU/DE/1206/2026, ¶ 15.