

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS  
RAJYA SABHA UNSTARRED QUESTION NO. 529  
TO BE ANSWERED ON 07.02.2023

**Crypto Currency**

**529 Shri Narayana Koragappa:**

Will the Minister of *Finance* be pleased to state:

- (a) how the Ministry looks at 7 per cent Indians owning crypto currency, which is the 7<sup>th</sup> highest in the world;
- (b) how the Ministry looks at that, except US, there is no other country having large economy in top seven positions;
- (c) the manner in which the Ministry protects citizens from duping or cheating by crypto players;
- (d) the status of WazirX case which shows dark side of crypto; and
- (e) whether Government is considering banning crypto?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI PANKAJ CHAUDHARY)

(a) & (b): Crypto Assets are unregulated in India and Government does not collect data on crypto assets.

(c): Farud, cheating and duping are punishable offences in India under law. The crimes involving crypto assets can be reported to the Cyber & Information Security Division, Ministry of Home Affairs at <https://cybercrime.gov.in>.

(d): The Enforcement Directorate has taken up investigation in three cases against WazirX, one under the provisions of Foreign Exchange Management Act, 1999 (FEMA) and two under the provisions of Prevention of Money Laundering Act, 2002 (PMLA). In FEMA case, investigation revealed that crypto exchange platform, WazirX, operated by Zانmai Labs Private Limited in India, was using the wallet infrastructure of Cayman Island based exchange BINNACE. It has further revealed that all crypto transactions between these two exchanges were not even being recorded on the blockchains and were these cloaked in mystery. Accordingly, a Show Cause Notice (SCN) has been issued under the provisions of FEMA to WazirX for allowing outward remittance of crypto assets worth Rs. 2790 crores to unknown wallets.

In PMLA case, an amount of Rs. 64,67,42,053 lying in the different accounts of M/s Zانmai Labs Private Limited has been frozen under Section 17(1) of PMLA.

(e): Crypto is by definition borderless and requires international collaboration to prevent regulatory arbitrage. Therefore, any legislation for regulation or for banning can be effective only with significant international collaboration on evaluation of the risks and benefits and evolution of common taxonomy and standards.

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