

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
RAJYA SABHA
UNSTARRED QUESTION NO. 1030
TO BE ANSWERED ON TUESDAY, JULY 29, 2025/ 7 SRAVANA, 1947 (SAKA)

Regulation and oversight of DeFi Platforms

1030. Shri Sujeet Kumar:

Will the Minister of FINANCE be pleased to state:

- (a) the steps being taken to regulate Decentralized Finance (DeFi) platforms to ensure investor protection and prevent fraudulent activities;
- (b) how Government is addressing the challenges posed by DeFi, particularly with regard to cross-border financial transactions and risks of money laundering; and
- (c) the measures under consideration to integrate DeFi platforms into existing regulatory frameworks without stifling innovation and technological advancement?

ANSWER

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

(a) to (c): At the request of India's G20 Presidency, the International Monetary Fund (IMF) and the Financial Stability Board (FSB) developed a Synthesis Paper on policies for the crypto asset sector. The paper identifies Decentralized Finance (DeFi) as a segment of the larger crypto asset ecosystem, which is currently unregulated in India. Given the decentralized nature of DeFi, effective oversight requires strong international cooperation. For DeFi, most countries have yet to develop specific regulatory frameworks. However, to address urgent risks arising from the crypto asset universe, the government has, through a notification dated March 7, 2023, brought service Virtual Digital Assets Service Providers (VDA SPs) under the purview of the Prevention of Money Laundering Act, 2002 (PMLA), thereby bringing transactions involving VDAs within the ambit of the PMLA. Furthermore, the Reserve Bank of India (RBI) has issued advisories warning users, holders, and traders of virtual currencies or crypto assets about the potential risks, including economic, financial, operational, legal, and security concerns. As of date, Indian regulated entities in Traditional Finance are not expected to be integrated with an unregulated sector such as DeFi.
