

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

RAJYA SABHA
UNSTARRED QUESTION NO. 247

ANSWERED ON- 22/07/2025

USAGE OF FINTECH TOOLS FOR ILLICIT ACTIVITIES

247. SHRI SUJEET KUMAR:

Will the Minister of FINANCE be pleased to state:

- (a) whether Government has taken cognizance of the rising use of encrypted fintech tools, including privacy coins like Monero or Zcash, offshore encrypted wallets, and DeFi platforms for illicit activities such as tax evasion, money laundering, or capital flight;
- (b) the steps Government has taken to monitor and regulate the movement of capital through anonymized blockchain networks and encrypted peer-to-peer platforms that operate outside formal banking channels; and
- (c) whether Government plans to impose restrictions, licensing requirements, or traceability mandates on the use of privacy-focused cryptocurrencies and dark pool DeFi platforms in order to prevent their misuse while safeguarding legitimate innovation?

ANSWER

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

(a) to (c) Virtual Digital Asset Service Providers (VDA SPs) have been brought into the ambit of Anti-Money Laundering (AML)/Counter Financing of Terrorism (CFT) framework under the Prevention of Money Laundering Act, 2002 (PMLA), pursuant to Notification dated March 07, 2023 issued by Department of Revenue, Ministry of Finance. Therefore, VDA SPs are obliged to comply with the various provision of the PMLA, the rules made thereunder and the guidelines issued by Director, FIU-IND. This inter alia includes establishing a process for customer due diligence, record keeping, internal control procedure, training of employees, filing of suspicious

transaction reports with FIU-IND. The suspicious transaction reports are subsequently processed, analysed and disseminated by FIU-IND to concerned Law Enforcement Agencies for further necessary Action. Further, Directorate of Enforcement (ED) has taken up several cases related to Virtual Digital Assets (VDAs) fraud which also includes offshore encrypted wallets for investigation under the provisions of Prevention of Money Laundering Act, 2002. In such cases, necessary action as per the provisions of PMLA has been taken by attaching/seizing/freezing proceeds of crime amounting to Rs. 3973.41 crore. Further, 37 persons have been arrested and 24 Prosecution Complaints (PCs) including 10 Supplementary PCs have been filed in these cases. Moreover, 01 accused has been declared as Fugitive Economic Offender under the provisions of Fugitive Economic Offenders Act, 2018.

Further Finance Act, 2025 has amended Income Tax Act, 1961 which provides that a reporting entity, as may be prescribed, shall furnish information in respect of transaction of crypto asset.
