

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
LOK SABHA UNSTARRED QUESTION NO. 1938
TO BE ANSWERED ON 19.12.2022

Crypto Currency and Virtual Digital Assets

1938. DR. UMESH G. JADHAV:
SHRI SANGANNA AMARAPPA:
SHRI L.S. TEJASVI SURYA:
SHRI SHA.BRA.DR.JAI SIDDESHWAR
SHIVACHARYA MAHASWAMIJI:

Will the Minister of FINANCE
be pleased to state:

- (a) whether the Government proposes to regulate or restrict the Virtual Digital Assets (VDA) in the country and if so, the details thereof;
- (b) the salient features of regulation, if any, laid down by the Government for crypto currency and VDAs;
- (c) whether the Government plans to forge international cooperation for regulating crypto currencies and VDAs and if so, the details thereof;
- (d) the estimated size of the crypto currency market in the country along with the number of registered/recognised crypto exchanges in the country; and
- (e) the details of crypto exchanges which are under investigation by the Government for money laundering and tax evasion cases?

ANSWER

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

(a) to (d): Currently, crypto assets are unregulated in India. The government does not register crypto exchanges. Crypto assets by definition are borderless and require 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.

(e): The Directorate of Enforcement is investigating several cases related to Crypto frauds wherein a few crypto exchanges have also been found involved in money laundering. Necessary action as per provisions of Prevention of Money Laundering Act, 2002 (PMLA) has been taken by the Directorate of Enforcement. As on 14.12.2022, proceeds of crime amounting to Rs. 907.48 crores have been attached/seized, 03 persons have been arrested and 04 Prosecution Complaints have been filed before the Special Court, PMLA, in these cases.

Further, under Foreign Exchange management Act, 1999 (FEMA), assets amounting to Rs. 289.68 crores have been seized under section 37A of FEMA and 01 Show Cause Notice to crypto exchange Zama Labs Pvt Ltd, known as WazirX, and its Director under FEMA for transactions involving crypto assets worth Rs. 2,790.74 crore has also been issued.

Few cases of evasion of Goods and Services Tax (GST) by crypto exchanges have been detected by Central GST formations as given below:

No. of Crypto Exchange Investigated	Quantum of evasion detected (In Cr.)	Recovery (In Cr.)	Status
12	87.60	110.97 (Including interest & penalty)	Further investigation under process in 8 cases and 4 cases closed on payment of tax along with interest and penalty.
