

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE**

**LOK SABHA
STARRED QUESTION NO. *162**

**TO BE ANSWERED ON MONDAY, THE 13TH MARCH, 2023
PHALGUNA 22, 1944 (SAKA)**

Misuse of Crypto-Currency

***162. SHRI VELUSAMY P.:**

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken note of the fact that the Financial Action Task Force has issued warning that crypto-currencies are increasingly being resorted to for money laundering, criminal activities, terror funding to avoid detection by any regulatory law enforcement agency and if so, the details thereof;
- (b) whether the Government is aware of the fact that crypto-currency has been used for money laundering;
- (c) if so, the estimated amount of money laundered as detected by different agencies entrusted with monitoring of money laundering; and
- (d) whether the Reserve Bank of India is having any control over monitoring the crypto-currency?

ANSWER

**THE MINISTER OF FINANCE
(SMT. NIRMALA SITHARAMAN)**

(a) to (d): A statement is laid on the Table of the House.

Statement referred to in parts (a) to (d) of the Lok Sabha Starred Question No. *162 for answer on 13.03.2023 regarding “Misuse of Crypto-Currency” by Shri VELUSAMY P.

(a) The FATF Plenary discussed and adopted amendments to the FATF Standards to respond to the increasing use of virtual assets for money laundering and terrorist financing at the request of the G20 Ministers. This includes an amendment to the FATF Recommendations and glossary to clarify to which businesses and activities the FATF requirements apply in the case of virtual assets. Exchanges and wallet providers will be required to implement AML/CFT controls, and to be licensed or registered and supervised or monitored by national authorities. Strengthening the standards is part of a comprehensive approach that the FATF has developed to prevent the misuse of virtual asset activities for money laundering and terrorist financing.

(b) & (c) Enforcement Directorate is investigating several cases under the provisions of Prevention of Money Laundering Act, 2002 (PMLA) and Foreign Exchange Management Act, 1999 (FEMA) related to crypto-currencies. As on date, proceeds of crime amounting to Rs. 953.70 crores have been attached/seized/freezeed, 05 persons have been arrested and 06 Prosecution Complaints (PCs) including 01 supplementary PC have been filed before the Special Court, PMLA in these cases. Further, under Foreign Exchange management Act, 1999 (FEMA) assets amounting to Rs. 289.28 crores have been seized under section 37 A of FEMA and 01 Show Cause Notice to crypto-currency exchange Zangame Labs Pvt Ltd, known as WazirX, and its Directors under FEMA for transactions involving crypto-currencies worth Rs. 2,790.74 crore has also been issued.

(d) RBI has been cautioning users, holders and traders of Virtual Currencies (VCs) vide public notices on 24 December, 2013, 01 February, 2017 and 05 December, 2017 that dealing in VCs is associated with potential economic, financial, operational, legal, customer protection and security related risks. RBI, vide its circular dated 31 May, 2021 has also advised its regulated entities to continue to carry out customer due diligence processes for transactions in VCs, in line with regulations governing standards for Know Your Customer (KYC), Anti-Money Laundering (AML), Combating of Financing of Terrorism (CFT), obligations under Prevention of Money Laundering Act (PMLA), 2002, etc.
