

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
LOK SABHA UNSTARRED QUESTION NO.1907
TO BE ANSWERED ON 13.03.2023

Regulation of VDAs

1907. SHRI VINCENT H. PALA:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has prepared a roadmap for the future to regulate the Virtual Digital Assets in the country, and if so, the details thereof;
- (b) whether the Government has undertaken any consultation process in the past with the relevant stakeholders, including industry, on the regulation of VDAs and related policy formulations, and if so, details thereof;
- (c) whether the Government is undertaking any initiative to create awareness about the VDAs and to engage with the industry in this regard and if so, the details thereof; and
- (d) whether the Government is undertaking any initiative to ensure the protection of customer interests in the VDA sector and if so, the details thereof along with any discussions held with the industry by the Government in this regard?

ANSWER

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

- (a) Crypto Assets are by definition 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.
- (b): Government has undertaken necessary consultations with stakeholders including industry and with relevant international organisations from time to time on policy formulation of crypto assets.
- (c) & (d): RBI has been cautioning users, holders and traders of Virtual Currencies (VCs) that dealing in VCs is associated with potential economic, financial, operational, legal, customer protection and security related risks.

Further, RBI 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. in addition to ensuring compliance with relevant provisions under Foreign Exchange Management Act (FEMA) for overseas remittances.
