

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTEMENT OF REVENUE**

**LOK SABHA
UN-STARRED QUESTION NO. 2817**

**TO BE ANSWERED ON MONDAY, THE 07TH AUGUST, 2023
SRAVANA 16, 1945 (SAKA)**

Financial Action Task Force

2817. SHRI VELUSAMY P.:

Will the Minister of FINANCE be pleased to state:

- (a) whether according to the Financial Action Task Force (FATF) crypto currencies are being used for money laundering, criminal activities, terror funding to avoid any regulatory law enforcement agency, 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 details of the estimated amount of money laundered available with the various agencies entrusted with monitoring of money laundering; and
- (d) whether the Reserve Bank of India is having any control over monitoring the crypto currency, if so, the details thereof ?

ANSWER

THE MINISTER OF STATE OF MINISTRY OF FINANCE

(SHRI PANKAJ CHAUDHARY)

(a) As per FATF, the anonymity associated with virtual assets do attract criminals, who have used them to launder proceeds from a range of offences.

(b) & (c) The Directorate of Enforcement is investigating several cases related to crypto currency / virtual digital currency 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 date, proceeds of crime amounting to Rs.1144.47 crores (approx.) have been attached/seized/freeze and 20 persons have been arrested. Further, 12 Prosecution Complaints (PCs) including 02 supplementary PCs have been filed before the Special Court, PMLA in these cases. Furthermore, under Foreign Exchange management Act, 1999 (FEMA) assets amounting to Rs. 270.18 crores have been seized under section 37A of FEMA and 01 Show Cause Notice to cryptocurrency exchange Zangme Labs Pvt Ltd, known as WazirX, and its Directors under FEMA for transactions involving cryptocurrencies worth 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 December 24, 2013, February 01, 2017 and December 05, 2017 that dealing in VCs is associated with potential economic, financial, operational, legal, customer protection and security related risks.

RBI, vide its circular dated May 31, 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.