

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
LOK SABHA UNSTARRED QUESTION NO. 2138  
TO BE ANSWERED ON 02.08.2021

Cryptocurrency Trading

2138. DR. SHASHI THAROOR:

Will the Minister of FINANCE

be pleased to state:

- (a) the status of cryptocurrency trading in India;
- (b) the current regulatory regime surrounding cryptocurrency and its trading;
- (c) the laws in place to protect traders and investors in cryptocurrency from fraud and other misdemeanours in its trading;
- (d) whether the Government intends to introduce regulations specific to cryptocurrency trading in India;
- (e) if so, the status thereof; and
- (f) the protection for investors that the same will involve?

ANSWER

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

- (a) This information is not collected by the Government.
- (b) Currently, all entities regulated by the RBI have been advised to carry out customer due diligence processes in line with regulations governing standards for Know Your Customer (KYC), Anti-Money Laundering (AML), Combating of Financing of Terrorism (CFT) and obligations of regulated entities under Prevention of Money Laundering Act, (PMLA), 2002 in addition to ensuring compliance with relevant provisions under Foreign Exchange Management Act (FEMA) for overseas remittances.
- (c) Depending upon the nature of the fraud, various laws including the Indian Penal Code 1860, are in place for protection against fraud.
- (d) to (f) It was announced in the Budget Speech for 2018-19 that “The Government does not consider crypto-currencies legal tender or coin and will take all measures to eliminate use of these crypto-assets in financing illegitimate activities or as part of the payment system. The Government will explore use of block chain technology proactively for ushering in digital economy.” A High-Level Inter-Ministerial Committee (IMC) constituted under the Chairmanship of Secretary (Economic Affairs) to study the issues related to VCs and propose specific actions to be taken in this matter recommended in its report that all private cryptocurrencies, except any cryptocurrency issued by the State, be prohibited in India. The Government would take a decision on the recommendations of the IMC and the legislative proposal, if any, would be introduced in the Parliament following the due process.

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