

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

**LOK SABHA**  
**UNSTARRED QUESTION NO. 1366**  
TO BE ANSWERED ON 08.12.2025/ 17 Agrahayana, 1947 (Saka)

**Black Money in Crypto Currency**

1366. Shri Anand Bhadauria:

Will the Minister of **Finance** be pleased to state:

- (a) whether Government has issued Regulations governing crypto currency in the country;
- (b) if so, the details thereof and if not, the reasons for allowing USD 15 billion Indian crypto industry to operate without regulation;
- (c) whether the Government is aware that large scale flow of black money is routed through crypto currency, if so, the details thereof; and
- (d) the details of action taken by the Government to monitor black money in crypto exchanges and to regulate the crypto currencies in the country?

**ANSWER**

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

(a) to (b): Crypto-assets/Virtual Digital Assets (VDAs) are unregulated in India, and the government does not collect data on them. As these assets are inherently borderless, they require strong international coordination to prevent regulatory arbitrage. Therefore, any regulatory framework for crypto assets can be effective only with significant international collaboration on the evaluation of the risks and benefits and the evaluation of common taxonomy and standards.

(c) to (d): Cases of tax evasion linked to crypto currency and VDAs have been detected by the Central Board of Direct Taxes (CBDT) on multiple occasions, and the

Income Tax Department takes action as per the Income Tax Act, 1961. Wherever tax evasion is detected, necessary action, such as nudging taxpayers, e-verification, reassessment, survey, or search and seizure, is taken. During search and seizure operations, undisclosed income from VDA transactions of Rs 888.82 crore has been identified. Under the CBDT's NUDGE (Non-Intrusive Usage of Data to Guide and Enable) campaign, 44,057 communications have been sent to taxpayers who invested or traded in VDAs but did not report these in Schedule VDA of their Income Tax Returns (ITRs). Data analytics tools, Project Insight and internal databases are used to match information on VDA transactions with disclosures in ITRs. TDS returns filed by Virtual Asset Service Providers (VASPs) and taxpayers' ITRs are also analysed to identify discrepancies and take appropriate action.

The Government has brought VDAs under the Prevention of Money Laundering (PMLA), 2002, making VASPs Reporting Entities and required to submit specified and suspicious transaction reports to FIU-IND. These reports are analysed and shared with law enforcement agencies for further action. The Enforcement Directorate has investigated several crypto-related cases under PMLA, attaching/seizing/freezing proceeds of crime worth Rs. 4189.89 crore, arresting 29 persons, and filing 22 prosecution complaints. One accused has been declared a Fugitive Economic Offender. The Prohibition of Benami Property Transactions Act, 1988, and the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015, apply to all assets, including VDAs. The Benami Act enables prosecution where assets, including VDAs, are held benami, and the Black Money Act enables action against undisclosed foreign assets, including VDAs.

The Government is also undertaking capacity-building initiatives to strengthen monitoring and investigation of VDA-related transactions. Training programmes, workshops, *Chintan Shivirs* and sessions on digital forensics, blockchain analysis, legal frameworks and digital evidence are regularly conducted. Officers also receive specialised short-term training in digital forensics through NFSU, Goa, to help identify and trace VDA-linked transactions from captured data.