

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 309
TO BE ANSWERED ON 02.02.2026/ 13 Magha 1947 (Saka)

Investments made Through Crypto Currencies

309 Dr. T Sumathy *Alias* Thamizhachi Thangapandian:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken serious note on the huge investments made through crypto currencies, digital assets, fuel money laundering and illicit trades; and
- (b) if so, the steps taken by the Government to control the misuse of digital assets, crypto currencies and Non-Fungible Tokens (NFTs)?

ANSWER

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

(a) & (b): Crypto-assets/Virtual Digital Assets (VDAs), including Non-Fungible Tokens (NFTs), are unregulated in India, and the government does not collect data on these assets. However, notwithstanding this, the Government has brought the sector under the Financial Intelligence Unit's (FIU-IND) regulatory ambit for anti-money laundering (AML) and combating the financing of terrorism (CFT) purposes, making VDA service providers (VDASPs) subject to registration, customer due diligence, record-keeping and suspicious transaction reporting obligations. Being the AML/CFT regulator, FIU-IND receives and analyses suspicious transaction reports submitted by VDASPs and disseminates actionable intelligence with law enforcement agencies to curb money laundering and terror financing activities. While FIU-IND has taken action under Section 13 of the PMLA, 2002, against non-compliant VDASPs, the Enforcement Directorate has also investigated several crypto-related cases under PMLA, attaching/seizing/freezing proceeds of crime worth Rs. 4209.74 crore, arresting 29 persons, and filing 24 prosecution complaints. One accused has been declared a Fugitive Economic Offender.

Additionally, cases of tax evasion linked to VDAs have been detected by the Central Board of Direct Taxes (CBDT) on multiple occasions, and the Income Tax Department takes appropriate 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. The CBDT's NUDGE (Non-Intrusive Usage of Data to Guide and Enable) campaign has been launched to encourage voluntary compliance and enhance awareness regarding proper reporting of VDA transactions and payment of due taxes. Under this initiative, communications have been issued to identified taxpayers who carried out VDA transactions but did not disclose them in Schedule VDA of their Income-tax Returns. Data analytics tools, Project Insight and internal databases are used to match information on VDA transactions with disclosures in ITRs. Furthermore, 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 Reserve Bank of India (RBI) has also cautioned users, holders and traders of VDAs vide its several public notices that dealing in these assets 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 VDAs, 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.
