

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
RAJYA SABHA UNSTARRED QUESTION NO.1816
TO BE ANSWERED ON 02.08.2022

Permission by crypto exchanges to transact without KYC

1816: Shri Sushil Kumar Modi:

Will the Minister of Finance be pleased to state:

- (a) whether it is a fact that some crypto exchanges allowed citizens from countries like US, Germany, Brazil to transact without KYC, AML compliance, the details thereof;
- (b) the amount received by these crypto exchanges from global capital ventures for which disclosure has not been made;
- (c) whether Indian crypto platform used wallet infra of foreign exchange without any agreement; and
- (d) whether some exchanges have ever facilitated foreign users' request to convert one crypto into another by using third party exchange based overseas and earn commission on it?

ANSWER

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

(a) to (d): Currently, Cryptocurrencies are unregulated in India. The Government does not collect any data on such information. However, the Directorate of Enforcement is investigating two cases related to Crypto-currency against WazirX under the provisions of Foreign Exchange Management Act, 1999 (FEMA). In one of the cases, investigation done so far has revealed that One Indian Crypto-exchange platform, Wazirx, operated by Zankai Labs Private Limited in India was using the walled infrastructure of Cayman Island based exchange BINANCE. Further it has been found that all crypto transactions between these 2 exchanges were not even being recorded on the blockchains and were thus cloaked in mystery. Accordingly, a Show Cause Notice (SCN) has been issued under the provisions of FEMA against WaxirX for allowing outward remittance of crypto assets worth ₹2790 Crore to unknown wallets.

Further, in another case, it is noticed that Indian Exchanges namely WazirX has allowed the foreign users' request to convert one crypto into another on its own platform as well as by using transfer from third party exchanges namely FTX, BINANCE, etc.
