

## Belated, but essential: On bringing all trade in virtual digital assets under the PMLA

India must have a proper regulatory response to the **surge** in **virtual assets**

The Finance Ministry's March 7 **notification** placing all transactions involving virtual digital assets under the **purview** of the Prevention of **Money Laundering Act** (PMLA) **is** a **much-needed**, even if belated, step. The government has been struggling in recent years to **formulate** an appropriate regulatory response to **deal with** the pandemic-era **upsurge** in advertisements **soliciting** investment in virtual assets as well as reports of actual investment. A July 2021 online **report** by BrokerChooser.com, **for instance**, **had** estimated India as being the country with the highest number of 'crypto owners', at 10.07 crore, which was more than **threefold** the number of owners of **crypto assets** in the second-ranked U.S. Even if this is **discounted** as a **speculative guesstimate**, measures and disclosures by the government indicate that the **volume** of trade in **unregulated** virtual assets **has** grown **sizeably** in recent years. Last month, Minister of State for Finance Pankaj Chaudhary informed the Lok Sabha that the Enforcement Directorate was 'investigating several cases related to cryptocurrency frauds **wherein** a few crypto exchanges had been found involved in money laundering'. And that as much as ₹936 crore had been attached or **frozen** as on January 31, on being **deemed** to be **proceeds** of crime. The **decision** to mandatorily bring all trade in virtual digital assets under the PMLA now **lays the onus** of **ascertaining** the **provenance** of all activity, including **safekeeping**, in such assets **upon** individuals and businesses participating in or **facilitating** these transactions.

The **intergovernmental Financial Action Task Force** (FATF) — the global money laundering and terrorist financing **watchdog** — **has** been continuously **flagging** the **potential** that virtual digital assets have for criminal misuse **considering** the speed and **anonymity** with which they can be **traded worldwide**. As it has **pointed out**, the fact that a few countries have moved to regulate virtual assets, and some others have banned them **outright**, while a majority has not taken any action has created a global system with **loopholes** for criminals and terrorists to **abuse**. **India**, which holds the **presidency** of the G-20, **has** been repeatedly **stressing** the need for a globally **coordinated** regulatory response to deal with crypto assets. While the Centre's **decision** to add the PMLA monitoring requirements, **following** the introduction of a tax **regime** for virtual digital assets in last year's Budget, **has** been **interpreted** by the crypto assets sector as moves towards regulating rather than **proscribing** it, the RBI's **consistent advocacy** for a ban needs to be seriously **weighed** before any decision is taken on the **fate** of the long-delayed draft legislation on virtual assets. [Practice Exercise]

- Red/blue coloring of words in the sentence indicates subject verb relationship; where 'red' denotes 'subject' and 'blue' denotes 'verb'.

## Vocabulary

1. **Belated** (adjective) – late, delayed, postponed, deferred, tardy देर से
2. **Essential** (adjective) – Vital, indispensable, important, crucial, critical, necessary आवश्यक
3. **Surge** (noun) – sudden increase, rise उछाल
4. **Virtual asset** (noun) – Crypto currency; The most common example of a virtual asset is virtual currency such as Bitcoin, Litecoin, Ethereum or Dogecoin
5. **Place** (verb) – put, position, set, lay down रखना
6. **Purview** (noun) – scope, range of experience, outlook, perspective, perception दायरा
7. **Money laundering** (noun) – the illegal process of making large amounts of money generated by criminal activity काले धन को वैध बनाना
8. **Much-needed** (adjective) – needed to a great extent. बेहद जरूरी
9. **Formulate** (verb) – draw up, plan, prepare तैयार करना
10. **Deal with** (phrasal verb) – cope with, handle, manage, attend to, see to संभालना, निपटना
11. **Pandemic-Era** (adjective) – Of or relating to period of pandemic महामारी के दौर में
12. **Upsurge** (noun) – a rapid increase in something उछाल
13. **Solicit** (verb) – request, seek, petition, implore, entreat मांगना
14. **For instance** (noun) – For example, as, such as उदाहरण के लिए
15. **Threefold** (adjective) – Three times as great or many तिगुना
16. **Crypto asset** (noun) – Crypto asset is a digital or virtual asset that uses cryptography for security and operates independently of a central bank. examples of crypto assets include Bitcoin, Ethereum, Litecoin, and Ripple.
17. **Discount** (verb) – Disregard, take no notice of, overlook, dismiss, ignore, brush off उपेक्षा करना, देखी अनदेखी करना
18. **Speculative** (adjective) – based on guessing without knowing all the facts काल्पनिक, विचारवान
19. **Guesstimate** (noun) – estimate, approximation, guess, speculation अनुमान, अंदाज
20. **Unregulated** (adjective) – Not regulated, unsupervised, unrestricted अनियमित

21. **Sizeably** (adverb) – considerably, significantly, substantially, appreciably  
अधिक मात्रा में
22. **Wherein** (adverb) – in which place, situation or thing; in what way जिसमें
23. **Freeze** (verb) – prevent something from being used for a period of time
24. **Deem** (verb) – consider, judge, think, reckon, regard मानना
25. **Proceeds** (noun) – Earnings, profits, takings, incomes प्राप्ति/ लाभ
26. **Lay the onus on/upon** (phrase) – to place responsibility on someone किसी पर जिम्मेदारी डालना
27. **Ascertain** (verb) – determine, find out, learn, discover, check पता लगाना
28. **Provenance** (noun) – Origin, attribution, derivation, source उत्पत्ति, उद्गम, मूल-स्रोत
29. **Safekeeping** (noun) – preservation in a safe place. सुरक्षित रखने
30. **Facilitate** (verb) – make (an action or process) easy or easier. सुविधाजनक बनाना
31. **Intergovernmental** (adjective) – relating to or conducted between two or more governments. सरकार-सरकार के बीच
32. **Financial Action Task Force (FATF)** (noun) – The Financial Action Task Force (FATF) is the global money laundering and terrorist financing watchdog
33. **Watchdog** (noun) – Ombudsman, monitor, scrutineer, inspector, observer पर्यवेक्षक
34. **Flag** (verb) – Indicate, signal, highlight, mark, signal सूचित करना
35. **Potential** (noun) – capability, capacity, ability, power क्षमता
36. **Considering** (preposition) – bearing in mind, taking into consideration, taking into account ध्यान में रखते हुए
37. **Anonymity** (noun) – the situation where a person's name is not known गुमनामी, अनामता
38. **Trade** (verb) – to take part in buying and selling goods for trade लेन-देन करना
39. **Worldwide** (adjective) – Universal, international, wide-reaching विश्वव्यापी
40. **Point out** (phrasal verb) – indicate, specify, detail, mention, refer to इशारा करना
41. **Outright** (adjective) – Absolute, complete, utter, total, entire संपूर्ण/ पूर्णतः
42. **Loophole** (noun) – a way of avoiding something because the words of a rule or law are badly chosen बचाव का रास्ता
43. **Abuse** (verb) – misuse, exploit, mistreat, maltreat दुरुपयोग करना

44. **Presidency** (noun) – the position of being president; premiership अध्यक्षता
45. **Stress** (verb) – emphasize, strain, pressure, highlight, underline ज़ोर देना
46. **Coordinated** (adjective) – synchronized, harmonized, integrated, organized समन्वित
47. **Following** (preposition) – After के बाद
48. **Regime** (noun) – system, arrangement, scheme, code व्यवस्था
49. **Interpret** (verb) – understand, construe, take to mean, take, read व्याख्या करना
50. **Proscribe** (verb) – ban, prohibit, forbid, outlaw प्रतिबंधित करना
51. **Consistent** (adjective) – persistent, steady, constant, stable लगातार
52. **Advocacy** (noun) – support, encouragement, backing, promotion पक्षसमर्थन
53. **Weigh** (verb) – Consider, contemplate, think about, look into; assess the nature or importance of विचार करना
54. **Fate** (noun) – destiny, chance, fortune, luck भाग्य

## Practice Exercise

1. **What is the purpose of the Finance Ministry's notification regarding virtual digital assets?**  
A. To ban all transactions involving virtual digital assets [Editorial page]  
B. To regulate all transactions involving virtual digital assets  
C. To investigate all transactions involving virtual digital assets  
D. To freeze all transactions involving virtual digital assets
2. **What is the reason for the global system with loopholes for criminals and terrorists to abuse virtual digital assets?**  
A. The lack of regulation of virtual assets by a majority of countries  
B. The regulation of virtual assets by a few countries  
C. The ban of virtual assets by a few countries  
D. The lack of awareness of virtual assets by law enforcement agencies
3. **What is the view of the Reserve Bank of India (RBI) on virtual digital assets?**  
A. It advocates for a ban on virtual digital assets  
B. It supports the regulation of virtual digital assets  
C. It has not taken any stance on virtual digital assets  
D. It considers virtual digital assets to be of no concern to the banking system
4. **Which of the following statements is NOT true according to the passage?**  
A. The Finance Ministry's notification has placed all transactions involving virtual digital assets under the purview of the Prevention of Money Laundering Act (PMLA).  
B. The volume of trade in unregulated virtual assets has grown considerably in recent years, and the Enforcement Directorate has been investigating several cases related to cryptocurrency frauds.  
C. India holds the presidency of the G-20 and has been advocating for a globally coordinated regulatory response to deal with crypto assets.  
D. The RBI has shown consistent support for regulating virtual digital assets rather than proscribing them.
5. **What has been the government's struggle in recent years regarding virtual assets in India, as mentioned in the passage?**  
A. Formulating an appropriate regulatory response to deal with the pandemic-era upsurge in advertisements soliciting investment in virtual assets.  
B. Banning all virtual assets to prevent money laundering and terrorist financing.  
C. Encouraging individuals and businesses to participate in virtual asset trading.  
D. Promoting the use of virtual assets as a means of investment.
6. **What is the tone of the passage?**  
A. Optimistic  
B. Cynical  
C. Neutral

- D. Ambivalent
7. **What is the main theme of the passage?**
- A. The challenges of regulating virtual digital assets
  - B. The potential for virtual digital assets to be used for criminal purposes
  - C. The need for a globally coordinated regulatory response to virtual assets
  - D. The conflicting views on the regulation of virtual digital assets
8. **Rearrange the following sentences to form a coherent paragraph:**
- A. Export curbs can be counterproductive as they can suppress domestic output.
  - B. While total merchandise exports were up 12.3 per cent to \$263 billion in the first seven months of this fiscal, this increase falls to just 3 per cent when petroleum is left out.
  - C. Exports have hit a speedbreaker this fiscal, after an impressive show in FY22.
  - D. Second quarter export growth was down to 3 per cent, against a 25 per cent growth in Q1.
  - E. The exports slump in a number of products can be attributed to a drop in global demand.
- A. CEDAB                      B. ABECD                      C. CDEBA                      D. DECBA
9. **Rearrange the following sentences to form a coherent paragraph:**
- A) Overseas batsmen have struggled on spin-friendly Indian pitches, with even scores of less than 200 enough to win matches.
  - B) The notion of home advantage has been exploited to such an extent in recent times that it came back to bite the hosts in last week's Indore Test.
  - C) Indian pitches are renowned to be spin-friendly, but extreme playing surfaces aiding spinners from almost the first ball have made a mockery of the principle of a fair contest between bat and ball.
  - D) These types of pitches do a great deal of disservice to Indian batsmen, who struggle more on their own pitches than overseas, and their averages take a hit.
  - E) If Tests finish in two days and a bit, it will impact vendors' income and disappoint fans who book tickets and accommodation assuming a five-day contest.
- A. AEBDC                      B. CBADE                      C. DBECA                      D. AEDCB
10. **Rearrange the following sentences to form a coherent paragraph:**
- A. Climate and price risks are not new to farmers, but their intensity and frequency have increased.
  - B. Access to irrigation can somewhat compensate for a failed monsoon, but rising temperatures pose a greater threat.
  - C. The impact of high temperatures on rabi harvests was seen in March 2022, resulting in reduced yields.
  - D. The Indian economy relies heavily on agriculture, which has become a gamble on the mercury.
  - E. Green Revolution 2.0 must focus on developing crops that can withstand extreme temperature and rainfall variations while yielding more and using fewer resources.
- A. DBACE                      B. DBECA                      C. EACBD                      D. DBCAE

**Comprehension:**

In the following passage, some words have been deleted. Read the passage carefully and select the most appropriate option to fill in each blank.

Pakistan's economy is on the \_\_\_\_\_1\_\_\_\_\_. Inflation is at 32 per cent; forex reserves at just over \$3 billion can barely cover a month's imports; external debt is over a third of the GDP at about \$125 billion amidst rising interest rates; and the country needs to service an estimated \$7 billion of debt in a few months for which there is no money. Amidst this \_\_\_\_\_2\_\_\_\_\_ in India's neighbourhood and the larger debt crisis in poor and developing countries, it is a bit surprising that the recent G-20 talks have merely skimmed the surface on creating new debt resolution methods.

Food shortage, political \_\_\_\_\_3\_\_\_\_\_ and rising terrorism in Pakistan cannot be good news for India. The IMF has \_\_\_\_\_4\_\_\_\_\_ its usual set of terms to release \$1.1 billion at the outset: raising energy prices; slashing the currency; and raising taxation. In a country of plutocrats, the last seems a somewhat agreeable proposition, but the same cannot be said of the first two proposals. Energy price hikes will pose unconscionable hardships and add to political instability. Currency devaluation will raise the prices of essentials which are being imported, while exports may not pick up when markets are fickle and the country's productive capacities are impaired. While there can be no denying the need for restructuring and fiscal consolidation, the IMF's medicine seems drastic, and with a proven track record of failure. It is here that India and China, with their growing heft as bilateral 'non-Paris Club' creditors, must try to \_\_\_\_\_5\_\_\_\_\_ the G-20 towards a new institutional framework.

11. **Select the most appropriate option to fill in blank number 1.**
  - A. Avarice
  - B. Tenable
  - C. Disparage
  - D. Precipice
12. **Select the most appropriate option to fill in blank number 2.**
  - A. Serendipity
  - B. Chaos
  - C. Extrovert
  - D. Equanimity
13. **Select the most appropriate option to fill in blank number 3**
  - A. Convivial
  - B. Turmoil
  - C. Belabor
  - D. Indulgent
14. **Select the most appropriate option to fill in blank number 4**
  - A. Provincial
  - B. Apocryphal

- C. Amiable
- D. Mooted

15. Select the most appropriate option to fill in blank number 5

- A. Foible
- B. Nudge
- C. Colloquial
- D. Latent

**Direction (Q16 – Q20): Spot the grammatical error, if any**

- 16. Akbar was (A)/ one of the finest king (B)/ that India ever had (C)/ No Error (D)
- 17. The bunch of keys (A)/ have been lost (B)/ by my brother in the morning (C)/ No Error.(D)
- 18. We ought serve (A)/ our elders (B)/ in the family (C) / No Error (D)
- 19. He jumped (A)/ in the river (B)/ to save the drowning child. (C)/ No Error (D)
- 20. Hurry up lest (A)/ you should not(B)/miss the train.(C)/ No Error (D)



## Answers

1. B    2. A    3. A    4. D    5. A    6. C    7. A    8. C    9. B    10. D    11. D    12. B  
13. B    14. D    15. B    16. B    17. B    18. A    19. B    20. B

[\[Practice Exercise\]](#)

## Explanations

1. B) To regulate all transactions involving virtual digital assets

Explanation: The Finance Ministry's March 7 notification is aimed at bringing all transactions involving virtual digital assets under the purview of the Prevention of Money Laundering Act (PMLA). This is a step towards regulating virtual assets, not banning them.
2. A) The lack of regulation of virtual assets by a majority of countries

Explanation: The intergovernmental Financial Action Task Force (FATF) has flagged the potential for criminal misuse of virtual digital assets due to the speed and anonymity with which they can be traded worldwide. The fact that a majority of countries have not taken any action to regulate virtual assets has created a global system with loopholes for criminals and terrorists to abuse.
3. A) It advocates for a ban on virtual digital assets

Explanation: The passage states that while the Finance Ministry's decision to regulate virtual digital assets has been interpreted by the crypto assets sector as a move towards regulation, the RBI's consistent advocacy for a ban needs to be seriously weighed before any decision is taken on the fate of the long-delayed draft legislation on virtual assets.
4. Option D is incorrect because the passage states that the RBI has consistently advocated for a ban on virtual digital assets, which is the opposite of regulating them. The other statements are true according to the passage. The Finance Ministry's notification has brought all transactions involving virtual digital assets under the PMLA, and the volume of trade in unregulated virtual assets has grown considerably. India holds the presidency of the G-20 and has been advocating for a globally coordinated regulatory response to deal with crypto assets.
5. A) Formulating an appropriate regulatory response to deal with the pandemic-era upsurge in advertisements soliciting investment in virtual assets.

Explanation: The passage clearly states that the government has been struggling to formulate an appropriate regulatory response to deal with the pandemic-era upsurge in advertisements soliciting investment in virtual assets. This has been a major issue that the government has been trying to address, as highlighted in the passage. Option B, C and D are incorrect as they are not mentioned in the passage.
6. C. Neutral

Explanation: The passage presents a factual account of the government's recent decision to place all transactions involving virtual digital assets under the PMLA. It also provides some background information on the growth of virtual assets in India and the challenges of regulating them. The passage does not express a clear positive or negative attitude towards the subject matter, but rather presents information in a straightforward manner.

7. A. The challenges of regulating virtual digital assets

Explanation: The passage discusses the difficulties the Indian government has faced in regulating virtual digital assets in recent years. It also highlights the potential for these assets to be used for criminal activities and the need for a coordinated global response. However, the central theme of the passage is the challenge of regulating virtual assets, which is the focus of most of the content.

8. The paragraph talks about the declining trend of exports in the current fiscal year. The correct sequence of sentences to form a coherent paragraph is C, D, E, B, and A. Sentence C introduces the topic of declining exports, sentence D provides specific information on the growth rate of exports in the current fiscal year, sentence E explains the reason behind the decline in exports, sentence B provides data on merchandise exports, and sentence A concludes by stating that export curbs can be counterproductive.

9. The paragraph talks about how the extreme playing surfaces, aiding spinners from almost the first ball, have made a mockery of the principle of a fair contest between bat and ball in recent cricket games. Indian pitches are renowned for being spin-friendly, but the notion of home advantage has been exploited to such an extent that it came back to bite the hosts in the last week's Indore Test. Overseas batsmen have struggled on such pitches, but their Indian counterparts have hardly fared much better. These types of pitches do a great deal of disservice to Indian batsmen, and their averages take a hit. Additionally, the paragraph emphasizes that cricket is more than just a game in India and that it is also a source of livelihood for many. If Tests finish in two days and a bit, it will impact vendors' income and disappoint fans who book tickets and accommodation assuming a five-day contest.

10. The correct sequence is D-B-C-A-E.

The paragraph begins by stating that agriculture in India is a "gamble on the mercury" due to the impact of rising temperatures on crop yields. It then highlights how access to irrigation can somewhat compensate for a failed monsoon but poses a lesser threat than high temperatures. The impact of high temperatures on rabi harvests is then discussed with an example from March 2022. The paragraph then emphasizes that while climate and price risks are not new to farmers, their intensity and frequency have increased. The paragraph concludes by highlighting the need for Green Revolution 2.0 to focus on developing crops that can withstand extreme weather variations while yielding more and using fewer resources.

11. The word that best fits the blank is "precipice." This word means a very steep cliff or a dangerous situation that could lead to disaster. Here, the author is suggesting that Pakistan's economy is on the brink of collapse, which is a precarious situation, similar to being on a precipice.

- **Be on the precipice** (phrase) – brink, edge; a very dangerous situation के कगार पर
- **Avarice** (noun) – Greed; excessive love of riches लोभ, लालच

- **Tenable** (adjective) –Defensible, as in one’s position in an argument; capable of being argued successfully; valid तर्कसंगत
  - **Disparage** (verb) – To belittle; to say uncomplimentary things about, usually in a somewhat indirect way. नीचा दिखाना, उपेक्षा करना
12. The word that best fits the blank is "chaos." This word means a state of complete disorder and confusion. Here, the author is suggesting that there is a lot of instability and uncertainty in Pakistan's economy, and this is happening in India's neighborhood, which could create chaos.
- **Chaos** (noun) – disorder, disarray, disorganization, confusion अव्यवस्था
  - **Serendipity** (noun) – Accidental good fortune; discovering good thing without looking for them नसीब
  - **Extrovert** (noun) – An open, outgoing person; a person whose attention is focused on other rather than on himself or herself बहिर्मुखी, बहिर्मुख
  - **Equanimity** (noun) – Composure, clam समभाव, संतुलन
13. The word that best fits the blank is "turmoil." This word means a state of great disturbance, confusion, or uncertainty. Here, the author is suggesting that there are many problems in Pakistan, such as food shortages, political turmoil, and rising terrorism, which could have a negative impact on India.
- **Turmoil** (noun) – Chaos, Disorder, confusion, uproar, mayhem, tumult, commotion उथल-पुथल
  - **Convivial** (adjective) – Fond of Partying; Festive खुशनुमा; उत्सव का
  - **Belabor** (verb) – To go over repeatedly or to an absurd extent बुरी तरह पीटना, घोर निन्दा करना
  - **Indulgent** (adjective) – Lenient; yielding to desire कृपालु
14. The word that best fits the blank is "mooted." This word means to raise as a topic for discussion or debate. Here, the author is suggesting that the IMF has proposed some measures for Pakistan, such as raising energy prices, slashing the currency, and raising taxation, which are being discussed and debated.
- **Moot** (verb) – raise for discussion; suggest, put forward प्रस्तावित करना/ सुझाव देना
  - **Provincial** (adjective) –Limited in outlook to one’s own small corner of the world; narrow प्रांतीय
  - **Apocryphal** (noun) – Of dubious authenticity; fictitious spurious शंकायुक्त, झूठा, असत्य

- **Amiable** (adjective) – Friendly; agreeable सौम्य, सुशील

15. The word that best fits the blank is "nudge." This word means to encourage or push someone gently in a particular direction. Here, the author is suggesting that India and China, as significant creditors, should try to influence the G-20 to create a new institutional framework for debt resolution methods. The word "nudge" suggests a gentle push, rather than a forceful one.

- **Nudge** (verb) – prompt, encourage, coax, stimulate, prod, प्रोत्साहित करना
- **Foible** (noun) – A minor character flaw दोष, चरित्र की दुर्बलता
- **Colloquial** (adjective) – Conversational; informal in language बोल-चाल का
- **Latent** (adjective) – Present but not visible or apparent; potential अव्यक्त

16. (B) 'king' के बदले 'kings' का प्रयोग होगा, क्योंकि 'one of / each of/ either of/ neither of/ every one of/ each one of any one of' के बाद आनेवाले Nouns हमेशा Plural होते हैं; जैसे-

- One of the boys.
- Each of the girls.
- Every one of the players.

(B) 'king' will be replaced with 'kings' because noun after 'one of / each of/ either of/ neither of/ every one of/ each one of any one of' are always plural; As-

- One of the boys.
- Each of the girls.
- Every one of the players.

17. (B) 'have' के बदले 'has' का प्रयोग होगा क्योंकि वाक्य का Subject 'The bunch' Singular है जिसके लिए Singular Verb का प्रयोग होगा।

(B) 'has' will be used instead of 'have' because the subject 'the bunch' of the sentence is singular for which Singular Verb will be used.

18. (A) 'ought serve' के बदले 'ought to serve' का प्रयोग होगा क्योंकि 'ought' तथा 'used' दो ऐसे Modals हैं जो अपने बाद 'to + V1' लेते हैं, जैसे-

- You ought to read this book.
- She used to walk in the morning.

(A) 'ought to serve' will be used instead of 'ought serve' because 'ought' and 'used' are two such modals which take 'to + V1' after them, like-

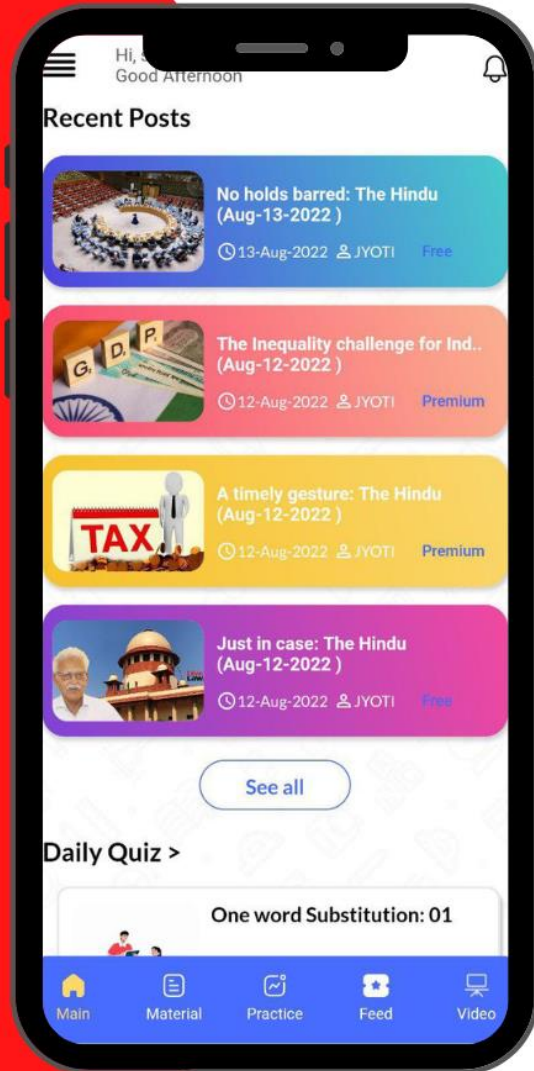
- You ought to read this book.
- She used to walk in the morning.

19. (B) 'in' के बदले 'into' का प्रयोग होगा क्योंकि 'Jump into' = 'dive into' water 'पानी में सिर के बल डुबकी लगाना, गोता लगाना' होता है।

(B) 'into' will be used instead of 'in' because 'jump into' = 'dive into' water means 'dive headlong into water'.

20. (B) 'not' का प्रयोग अनावश्यक है, क्योंकि 'lest, until, unless' से शुरू होने वाले Clauses में 'not' का प्रयोग नहीं होता है।

(B) Use of 'not' is superfluous, because 'not' is not used in clauses beginning with 'lest, until, unless'



# Learn Vocabulary Through Reading Articles

English Madhyam

