

Prevention of Money Laundering Act - UPSC Notes

The Prevention of Money Laundering Act (PMLA) was enacted by the Indian Parliament in 2002 to prevent money laundering in India. This is an important legislation, especially from an economy and polity points of view for the [IAS exam](#).

Recently, the government made some amendments to the Act empowering the ED further. To learn more about these changes, check our [CNA dated 9th Aug 2019](#).

Prevention of Money Laundering Act Notes

The PMLA was enacted in 2002 and it came into force in 2005. The chief objective of this legislation is to fight money laundering, that is, the process of converting black money into white.

To know more about [black money](#) and money laundering, click on the linked article.

- The Act enables government authorities to confiscate property and/or assets earned from illegal sources and through money laundering.
- The PLMA has been amended three times, that is, in 2009, 2009 and 2012.
- Under the PMLA, the burden of proof lies with the accused, who has to prove that the suspect property/assets have not been obtained through proceeds of crime.

PMLA Objectives

The basic objectives of the PMLA are:

1. Preventing money laundering.
2. Combating the channelising of money into illegal activities and economic crimes.
3. Providing for the confiscation of property derived from or involved in money laundering.
4. Providing for any other matters connected with or incidental to the act of money laundering.

What are the Offences under PLMA?

Offences mentioned under Part A and C of the Schedule of this Act will attract its provisions.

- Part A includes offences under acts namely:
 - Indian Penal Code, Prevention of Corruption Act, Narcotics Drugs and Psychotropic Substances Act, Antiquities and Art Treasures Act, Trademark Act, [Wildlife Protection Act](#), Copyright Act and Information Technology Act.
- Part B includes offences that are mentioned in Part A, but are of a value of Rs 1 crore or more.
- Part C includes trans-border crimes.

Penalties under PMLA

Various actions can be initiated against persons found to be guilty of money laundering, such as:

- Freezing or seizing of property and records, and/or attachment of property obtained through crime proceeds.
- Money laundering is punishable with:
 - Rigorous imprisonment for a minimum of 3 years and a maximum of 7 years.

- Fine.
- If the crime of money laundering is involved with the Narcotic Drugs and Psychotropic Substances Act, 1985, the punishment can go up to 10 years, along with fine.

Authorities that can Investigate under PMLA

The [Enforcement Directorate \(ED\)](#) is responsible for investigating offences under the PMLA. Also, the Financial Intelligence Unit – India (FIU-IND) is the national agency that receives, processes, analyses and disseminates information related to suspect financial transactions.

