

## AN ANALYSIS OF PREVENTION OF MONEY LAUNDERING ACT

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### **ABSTRACT**

*A law that prohibits money laundering and makes provisions for the seizure of assets obtained via money laundering, including those implicated in it, as well as anything related to or incidental to it. A strategy or process used to disguise the origin, source, location, position, and mobility of a crime or to give a legal picture of the crime's proceeds is money laundering, which is the act of hiding the crime's proceeds and merging them into the legitimate financial system. The financial sector's erosion has a detrimental impact on the economy. Various areas, including money demand, growth, income distribution, etc., are impacted by money laundering. This article clarifies the rulings rendered in the situations of money laundering that are discussed. Additionally, the actions made to combat the issue of money laundering.*

### **INTRODUCTION**

Money laundering is the practice of transferring funds gained through illegal activities like gambling, drug trafficking, corruption, or embezzlement into a legitimate source in order to conceal its true source. With different definitions, it is illegal in numerous jurisdictions. Money laundering is the process of conducting financial transactions to disguise the identity, source, or destination of money that has been obtained unlawfully, according to US law. The common law concept is broader under UK law. Taking any action with property of any type that is either entirely or partially the proceeds of a crime that will conceal the fact that that property is the proceeds of a crime or obscure the beneficial ownership of such property is the definition of the offense. In the past, only financial activities connected to organized crime were described as "money laundering." Government and international regulators, including the US Office of the Comptroller of the Currency, frequently broaden this definition today to include "any financial transaction which generates an asset or a value as a result of an illegal act," which may include deception in accounting or tax evasion. Any economic good may be involved in

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the UK; money is not even necessary. Money laundering cases are handled in court by private citizens, drug dealers, businesses, corrupt authorities, Mafia members, and even entire states.<sup>1</sup>

The South Asian hawala and hundi systems, which were unofficial money systems that permitted people to carry out financial transactions in confidence and secrecy, are generally regarded as the source of money laundering. These systems were entirely legal at the outset and merely reflected institutional underdevelopment, unfamiliarity with, or lack of confidence in the formal banking system. However, these methods quickly drew the attention of criminal groups, which started to employ them in conjunction with other strategies to launder money and erase the stigma of illegality. Money laundering has expanded internationally during the past century. The Mafia allegedly owned laundromats in the US where the term "money laundering" first appeared. Gangsters were making a lot of money from extortion, prostitution, gambling, and bootleg alcohol, but they needed to be able to prove that the money came from legitimate sources<sup>2</sup>. One way they did this was by buying businesses that appeared to be legitimate and mixing their illicit profits with the legitimate profits they received from these businesses. The NDA administration passed the Prevention of Money Laundering Act, 2002, into law to combat the practice and make provisions for the forfeiture of assets obtained through it. These gangsters preferred laundromats because they were cash-based enterprises, which was unquestionably advantageous to those who bought them, such as Al Capone. Al Capone, on the other hand, was charged with tax evasion and found guilty in October 1931. Instead of the underlying offenses that led to his illicit revenue, it was this for which he was imprisoned. Money laundering is referred to as hawala transactions in India. When several politicians fell into its net in the early 1990s, it rose in popularity. A different or parallel remittance mechanism is hawala. The Hawala Mechanism made it easier to turn dark money into white. The Arabic word "Hawala" refers to the exchange of funds or information between two parties using a third party. The Arabic traders first used the method to prevent robberies. It was around for several centuries before western banking. Money laundering is a severe danger to national integrity and sovereignty in addition to their financial systems. The world community has taken some actions to eliminate these risks. It has been believed that urgently needed comprehensive legislation is required to stop money laundering and related operations. The PML bill, of 1998

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<sup>1</sup> Money laundering. (2022, November 14). In Wikipedia, <<https://en.wikipedia.org/wiki/Moneylaundering>> Accessed on 22 November 2022.

<sup>2</sup> CA Dilip M Shah, 19th April, 2014, Introduction & Overview of Prevention of Money Laundering Act, <<https://www.wirc-icai.org/images/material/Introduction-and-Overview-of-PMLA.pdf>> Accessed on 22 November 2022

was proposed in the parliament to accomplish this goal. The standing committee on finance received the bill and reported to the Lok Sabha on March 4, 1999. The standing committee's recommendations were widely supported by the central government, and they were included in the law along with several other requested revisions.<sup>3</sup>

### **WHAT IS MONEY LAUNDERING?**

According to Section 3 of the Prevention of Money Laundering Act, 2002 – “whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is involved in any process or activity connected with the proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming it as untainted property shall be guilty of the offense of money laundering”<sup>4</sup>. The definition of the crime of money laundering is expanded by the PMLA, 2012 (effective 15.02.2013). Including therein the criminal acts of concealment, acquisition, possession and use of the proceeds of crime Remove the Act's current cap on fines of Rs. 5 lacs. Money laundering is the process of hiding financial assets so they can be utilized without the illicit conduct that produced them being discovered. Through money laundering, the launderer converts money with an ostensibly legitimate source from the proceeds of criminal activities. According to section 3 of the PMLA anyone who directly or indirectly tries to partake in, knows helps with, actively participates in, or is a party to any procedure or activity involving the proceeds of crime while portraying it as clean property is guilty of the crime of money laundering. The Financial Action Task Force (FATF) on Money Laundering defines money laundering as "the processing of criminal monies to hide their illegal origin in order to legitimate the ill-gotten proceeds of crime."

### **OFFENSE AND PUNISHMENT OF MONEY LAUNDERING**

Section 3: - Anyone who intentionally participates in any process or activity involving the proceeds of crime, including their concealment, possession, acquisition, or use, and projects or claims that they are untainted property, whether directly or indirectly, with the intent to deceive or with knowledge, is guilty of money-laundering.

Section 4: - Anyone found guilty of the crime of money laundering has a mandatory minimum sentence of 3 years in jail, which may be increased to 7 years, as well as a fine. However, the sentence may increase to harsh imprisonment for 10 years, as opposed to 7 years, when the

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<sup>3</sup> Ibid.

<sup>4</sup> Prevention of money laundering Act,2002

proceeds of crime engaged in money laundering pertain to any of the offenses listed under the Narcotic Drugs & Psychotropic Substances Act, 1985.

### **POWER OF SURVEY, SEARCHES, AND SEIZURES**

Section 16: - An authority has the right to access any location if they have grounds to suspect that money laundering has taken place. Such authority may affix identification markings to the documents he examines, produce copies or extracts thereof, create an inventory of any property he inspects or verifies, and take statements from anybody present that may be relevant to Act-related procedures.

Section 17: - Director, Joint Director, or Deputy Director may authorize any officer subordinate to them:

- (a) To go inside and examine any structure, location, building, ship, car, or plane where he has a good reason to believe that such documents or the profits of crime are held.
- (b) To break and open the lock of any door, box, locker, safe, or almirah where the keys are not available.
- (c) To seize any record or property found as a result of such search.
- (d) To place marks of identification on record or property or make extracts or copies.
- (e) To record anything or to create an inventory of something.
- (f) Examining under oath everyone discovered in possession or control of any property or document in regard to all subjects pertinent to the inquiry.

Only after a complaint has been made by a person qualified to investigate a scheduled offense before a magistrate or after a report has been sent to a magistrate in the event of a scheduled offense may a search be carried out. The authorized authority may issue an order to freeze such property when it is impractical to take records of it. The authority is required to send materials in his possession to the adjudicating authority in a sealed envelope in an authorized way as soon as a search and seizure occurs or after the issuing of a freezing order.<sup>5</sup>

### **PROCESS OF MONEY LAUNDERING**

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<sup>5</sup> Ibid.

Every act or event requires a process for the execution of the same. Here money laundering has three different processes i.e., Placement, Layering, and Integrating. Placement is the introduction of corrupt funds into the financial system. Layering is the routing of the proceeds via a series of financial transactions, it separates the proceeds from their illicit origin. Integrating establishes a trustworthy justification for their financial sources so they can be kept, invested, or utilized to buy things or assets.<sup>6</sup>

## **PLACEMENT**

The physical disposal of cash is the initial step, after which the money launderer transfers his illicit gains to the financial system. To complete this placement, cash is deposited in domestic banks or other formal or unofficial financial institutions. To accomplish this, either divide huge sums of money into less obvious smaller sums and deposit them right into a bank account, or buy a variety of financial instruments (cheques, money orders, etc.). Typically, the money is diverted across international borders to be deposited in foreign financial institutions or used to purchase expensive items like artwork, aircraft, and precious metals and stones that may be resold for payment via check or bank transfer.

## **LAYERING**

Layering is the second stage of money laundering. The launderer converts or moves the money in a succession of ways to separate it from its source. The money may be transferred through the buying and selling of investment instruments like bonds, stocks, and traveler's checks, or the money may be wired through a network of accounts at different banks around the world, particularly to nations that do not cooperate in anti-money laundering investigations. In other cases, the launderer may present the transfer as payment for goods or services to give them the impression of legitimacy. Banks provide many rotations to slush money, and this intricate layer of financial transactions is done to separate the criminal gains from their source and deceive the investigating agencies. Shell companies (paper companies/bogus companies) serve as fronts and are registered in offshore havens. They are often used tools in the layering stage. High-value goods and financial instruments are resold, and the proceeds are invested in real estate and legal businesses, particularly in the leisure and tourism industries.

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<sup>6</sup> Guide to Prevention of money Laundering Act, 6<sup>th</sup> Aug 2022, <<https://www.taxmann.com/post/blog/guide-to-prevention-of-money-laundering-act-pmla/>> Accessed on 22 November 2022

## **INTEGRATION**

At this point, the money is given back to the real economy to be extracted later. Examples include purchasing a business, real estate, upscale items, etc. The procedure comes to an end at this point. The money is "cleaned" and integrated into the economy while appearing to have been legitimately obtained. It is quite difficult to discern between legitimate and illicit money at this point. It entails making money obtained through crime seem respectable.

## **METHODS OF MONEY LAUNDERING**

**Structuring** (also known as "Smurfing"): Smurfing is arguably the most popular way to launder money. To evade the reporting threshold, many people deposit cash into bank accounts or purchase tiny sums of bank draughts. **Bank Complicity**: When a bank employee helps to facilitate a step in the money-laundering process, this is referred to as bank complicity.

**Money Services and Currency Exchanges**: Money services and currency exchanges offer a service that enables people to exchange foreign cash that may subsequently be brought outside of the nation. **Asset Purchases with Bulk Cash, Electronic Funds Transfer, Postal Money Orders**,

**REFINING**: This scheme for money laundering includes the trading of tiny amounts of money larger ones, and they can be completed by a person who exchanges the currency at many banks in order to avoid raising suspicion. This helps to reduce most of the huge sum of money. **Credit card, Asset Purchases with Bulk Cash, Electronic Funds Transfer, Postal Money Order etc.**

**Worth Tampering**: Money launderers may search for property owners who agree to sell their property, on paper, for a price below its true value and then take the difference of the purchase price "under the table." **Legitimate Business / Co-mingling of Funds** This allows the money launderer to, for instance, pay 1 million rupees for a property worth 2 million rupees while surreptitiously giving the seller the other amount. The launderer holds onto the property for a while before selling it for 2 million rupees, which is its genuine value.

**Loan Back**: Using this technique, a criminal gives an accomplice a quantity of fraudulent cash, and the accomplice prepares the necessary documents for a loan or mortgage back to the criminal for the same sum. This gives the impression that the money used by the criminals is legal. The criminal's frequent loan payments and the availability of alternative means of money transfer further support the credibility of the plan.

## **NEGATIVE EFFECTS OF MONEY LAUNDERING ON THE ECONOMY**

Money laundering undermines financial institutions that are essential for economic progress, encourages crime and corruption that impede economic growth, and lowers productivity in the real economy. Most of the international research focuses on the drug trade and terrorist groups as the two main money-laundering industries. It is evident what happens when drug money is effectively recovered: there will be more drugs, crime, and bloodshed. The connection between money laundering and terrorism can be a little more nuanced; for instance, it is well known that terrorists steal money to evade law enforcement's efforts to track them down and stop their planned assaults. Money laundering is an issue in emerging nations as well as in the world's main financial and maritime hubs. Emerging markets are becoming suitable targets for money laundering operations as their economies and financial sectors open. Money laundering produces significant swings in global financial flows, currency rates, and money demand that are unexpected.

## **EFFECTS ON MONEY DEMAND, GROWTH, INCOME DISTRIBUTION AND FINANCIAL INSTITUTION**

In nations where there is less chance of money laundering, it happens more frequently. The informal economy's share of the overall economy is higher in countries where there are no laws against money laundering, a system exists to retain bank or customer information, and banking secrecy is firmly upheld. For money launderers, the cash inflows and outflows are simple. Expenditure rates, particularly luxury consumption, are rising as a result of the country's unchecked and fast money inflow. However, there is a chance that there may be major rises in the exports, imports, foreign payments imbalance, inflation, interest rates, and unemployment rates. The monetary policy would be badly impacted by this erratic demand for money brought on by black money. Financial instability in the nation may have a huge negative impact on real industries. Foreign investors are now essential to businesses as a result. However, in nations where money laundering is prevalent, it might be difficult to draw in international investors. Rational businesspeople will find it difficult to invest in the nation because they will weigh the risk to the country when doing so. This is because the price instability brought on by black money in the financial system will affect how credible the economy is in the outside world. Investment rates will not rise if the legal currency is prevented from entering the nation. Consequently, a long-term sustainable growth decline will take place. Black money losses to sources of revenue generate serious issues with the financial system's operation. The effects of

these economic issues extend to society. The rising richness of select people and groups produces social decay. The adverse impact of black money on income distribution is among the most significant harms that must be assessed. It is tricky to quantify the harm caused by the diversification of revenue sources and income distribution, and it is much more difficult to make up for it. The difference in income distribution between people makes money alluring and increases the propensity for crime. Financial organizations run the risk of having their assets and responsibilities abruptly shift if they unintentionally engage in money laundering. The public authority is alerted by the news of money laundering at certain banking institutions. In such a scenario, these institutions would be under more scrutiny for their audits, which would harm their image.

### **DAMAGE OF MONEY LAUNDERING TO THE COUNTRY'S FINANCIAL SECTOR**

Many economic studies have shown how important organizations like banks and non-bank financial institutions are to a country's economic development. To support economic growth, these financial institutions use both local and international money. Money laundering, however, now hinders the growth of these financial organizations. The anti-money laundering policies implemented by the relevant financial institutions demonstrate that staff members engage in fraudulent and money-laundering operations together, which is detrimental to the institutions. Financial institutions suffer when money laundering occurs often because criminals exploit these institutions to syphon off the money they steal.

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### **RELEVANT CASES**

#### **Hari Narayan Ray vs State of Jharkhand Thr Cbi<sup>7</sup>**

This bail application arises out of E.C.I.R. No. 01/PAT/09/AD of 2009, registered under section 3 read with section 4 of the Prevention of **Money Laundering Act**, 2002, (hereinafter referred to as **Money Laundering Act**).

On 19.2.2010, the Honourable Supreme Court denied the petitioner's request for bail in both instances, S.L.A. (C Rl.) No. 9121 of 2009 and S.L.P (Crl) No. 9586 of 2009. However, the petitioner was given the opportunity to resubmit his request for release six months later. These bail petitions have been submitted as a result. The petitioner has been in jail since August 17, 2009, or for around 27 months out of a potential penalty of 7 years. He has been in jail for a

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<sup>7</sup> B.A. No. 3718 of 2011



longer amount of time than other inmates who have spent a lot of time in hospitals. The trial's completion will take years because there are numerous witnesses and documentation. In addition, the sum was calculated incorrectly. On December 9, 2010, all the moveable and immovable properties that are the focus of these lawsuits were attached. It was argued that Kamlesh Singh was facing more serious allegations, but he was given bail in part because he had been in custody for almost a year while the inquiry was ongoing, citing the ruling dated 13.12.2010 in B.A. No. 9220 of 2010 in his case. Additionally, he argued that the petitioner should be given bail based on the Supreme Court's decision in the case of Sanjay Chandra (Cr. Appeal No. 2178 of 2011) on November 23, 2011, as well as precedent-setting decisions. In contrast, Mr. Mokhtar Khan and Mr. A.K. Das, knowledgeable attorneys representing their clients in the CBI Case and Money Laundering Case, respectively, vigorously opposed the request for bail and made the following submissions about the documents. Earlier, the merits-based rejection of the bail request. The CBI case's asset appraisal is still speculative. The final sum in the Money Laundering Case is determined by adding up the values of the assets in each column and box, thus there is no calculating error. The CBI has been gathering evidence from many sources in this case regarding the petitioner's acquisition of substantial assets. The Income Tax Department and Enforcement Directorate have both been asked by CBI for documents. Even after the Hon'ble Supreme Court denied the petitioner's request for bail, he continued to avoid appearing in court on several occasions by claiming to be ill. Due to his influence, the jail authorities failed to present him in court on several occasions. He was not brought before the court until after the court gave the jail authorities notice. Due to his realization that his guilt would be proven and that his political career may be over, the petitioner is refusing to allow the money laundering case trial to continue. Since the petitioner is responsible for the delay in the investigation and trial, he is not permitted to benefit from the ruling in Sanjay Chandra (Supra) and on the other side, he is arguing for bail due to a delay.

### **Vinod Malewar vs The Enforcement Directorate<sup>8</sup>**

A complaint was filed before the 4th Additional Sessions Judge, Raipur, which is the designated Court for money laundering cases, based on the scheduled offense that resulted from the case, and the Enforcement Directorate (ED) registered ECIR No. RPSZO/03/2015/349, Raipur on 30.3.2015 under Sections 3 and 4 of the Prevention of Money Laundering Act, 2002. The present applicants and other co-accused people were summoned by the pertinent trial court

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<sup>8</sup> CRR No. of 816 of 2018

after taking notice of the offense based on the material available, and as a result, the applicants filed the current revision petitions. The applicants' knowledgeable attorney in both revision petitions claims that the trial court's taking of cognizance was unlawful since the respondent had not received permission from the relevant authorities to prosecute the applicants criminally. They were summoned as witnesses in Crime No. 5/2015 and cross-examined in front of the trial Court based on the amount taken from the petitioners. As a result, the trial court in the current money laundering case took cognizance of the petitioners and co-accused Alok Kumar Agrawal, Alka Agrawal, Pawan Agrawal, and Abhish Swami. The argument on the need for punishment for criminal prosecution in cases of money laundering is the first thing this Court takes into consideration. The applicants are employees of the government. Alok Kumar Agrawal, a co-accused, is accused of committing a listed offense, and the applicants were fully aware that Alok Kumar Agrawal had acquired money by dishonest means like corruption. Regarding the judgments cited by the applicants' knowledgeable counsel, I have read them and am of the view that they are not helpful to the applicants at this point and can be evaluated based on the case's merits. This Court is of the opinion that the tainted money seized from the applicants has no nexus with their official duties and as such, there is a requirement of obtaining sanction for criminal prosecution in the money-laundering case. Similarly, the citations submitted by the respondents' counsel are also to be taken into consideration at the time of trial after gathering all evidence. The applicants' testimony has been documented in the case that the EOW has registered, and afterward, their statements under Section 50 of the PMLA have been documented. It has been established that the applicants got the contaminated money in these statements. The accusation of the applicants in a money-laundering case is therefore not unlawful, and their inclusion in the case is not prohibited by any statutes.

#### **P. Chidambaram vs Directorate of Enforcement <sup>9</sup>**

The Enforcement Directorate filed a case in ECIR No.07/HIU/2017 against the accused individuals for allegedly violating Sections 3 and 4 of the Prevention of Money-Laundering Act, 2002, based on the FIR filed by the CBI (PMLA). Since the charges were registered in 2017, Sh. Karti Chidambaram and the other defendants have filed many bail-seeking proceedings and numerous additional proceedings that are still pending. Finally, in the INX Media case brought by the CBI on March 23, 2018, the Delhi High Court granted bail to Sh. Karti Chidambaram. The appellant then petitioned the Delhi High Court for anticipatory bail

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<sup>9</sup> SCC C.A. No. 1340 2019

in the CBI case as well as the money-laundering case brought by the Enforcement Directorate. In dismissing the plea, the High Court stated that "it is a typical example of money laundering" and refused to give the appellant anticipatory release. "It is a clear example of money laundering," the High Court stated. By ruling that "the alleged irregularities committed by the appellant set forth a prima facie case for rejecting pre-arrest release to the appellant," the learned Single Judge denied the motion for anticipatory bail. The learned Single Judge further stated that "the twin factors that weigh to deny the appellant's pre-arrest bail" are "considering the gravity of the offense and the evasive reply given by the appellant to the questions put to him while he was under the protective cover extended to him by the court." The experienced Solicitor General said that there is no doubt that money was being laundered because information about the businesses and properties was gathered from foreign institutions. The learned Solicitor General argued that the Court has the authority to investigate the evidence gathered by the Enforcement Directorate and that the appellant cannot be made aware of it at this early stage while the Court is deciding whether to grant pre-arrest bail. The learned Solicitor General has argued, citing several judgments, that courts routinely review the case diaries prepared by the prosecution and receive and examine the materials/documents to satisfy their judicial conscience. As an unusual remedy, the power under Section 438 Cr.P.C. should only be used sparingly, and this is especially true in situations of economic crimes. Economic offenses are in a distinct category since they have an impact on the social economy. In *Directorate of Enforcement v. Ashok Kumar Jain*,<sup>10</sup> it was decided that the accused is not eligible for anticipatory bail when charged with economic offenses. The learned Solicitor General argued that the terms "Scheduled crime" and "offense of money laundering" are distinct terms and that the PMLA, which is a unique statute that applies to the offense of money laundering, is insufficient justification for the granting of anticipatory release.

### **CONVICTED CASE RATIO**

According to the report, only 23 in 5422 cases are convicted to date under PMLA since the law was implemented 17 years ago, according to data shared by the Union government in Parliament. The PMLA enacted in 2002 and implemented on July 1, 2005 —gives powers to the Enforcement Directorate to record statements of individuals and use the same against them to file a charge sheet. According to a written response given to the Lok Sabha, Union minister of state for finance Pankaj Chaudhary, "ED recorded 5,422 cases under the PMLA until March

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<sup>10</sup> (1998) 2 SCC 105

31, 2022, attached proceeds of crime totaling approximately 1,04,702 crores, and filed prosecution complaints (charge sheets) in 992 cases, resulting in the confiscation of approximately 869.31 crores and the conviction of 23 accused. The minister also provided information on the number of complaints made under the Foreign Exchange Management Act (FEMA) and the PMLA during the previous ten years. According to the minister's response to a query from Janata Dal (United) MP Rajiv Ranjan Singh, alias Lalan Singh, the federal investigation agency filed a total of 3,985 criminal charges under PMLA and 24,893 under the civil legislation of FEMA between the fiscal years 2012–13 and 2021–22. According to the minister, most cases of money laundering and foreign exchange violations were investigated in 2021–22, when 1,180 PMLA complaints and 5,313 FEMA complaints, respectively, were filed. After the Foreign Exchange Regulation Act (FERA) of 1973 was repealed, FEMA was put into effect in 1999. The PMLA's provisions, such as arrest and property attachment, have been challenged in several Supreme Court challenges filed by different people and businesses. The Centre has defended the law by claiming that India's legislative policy has continuously seen money laundering as a severe danger to the nation's macroeconomic stability and has thus strived to develop a strict system for dealing with it.<sup>11</sup> PMLA Judgment Leaves Scope for Arbitrary Application: Supreme Court on Tuesday, August 23, the Supreme Court ruled that the Prevention of Money Laundering Act's authority for the Enforcement Directorate to seize property before a trial in extreme circumstances offers room for arbitrary application. The PMLA judgment's ruling on Section 8(4), according to a bench presided over by Chief Justice N.V. Ramana, needs more clarification. In its PMLA decision, the highest court stated that the directive under Section 8(4) for taking possession of the in-issue property before a formal judgment of confiscation is passed should be an exception and not the rule. This decision was made on July 27. At the time of confirmation of the adjudicating authority's provisional attachment, pursuant to Section 8(4), the ED is permitted to take possession of the attached property. This court dealt with Section 8 of the Prevention of Money Laundering Act, 2002 (PMLA) confiscation proceedings in *Vijay Madanlal Choudary & Ors v. Union of India*<sup>12</sup>, and it only applied Section 8(4) of the PMLA, which deals with interim possession by the authority prior to the conclusion of the final trial, in exceptional circumstances. Considering the distinct framework under the challenged statute there, the court differentiated the prior cases. After

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<sup>11</sup> Only 23 convicted in 5,422 cases under PMLA till date: Govt to Lok Sabha, Hindustan Times, 26<sup>th</sup> July 2022 <https://www.hindustantimes.com/india-news/only-23-convicted-in-5-422-cases-under-pmla-till-date-govt-to-lok-sabha-101658774947795.html> 22 November 2022

<sup>12</sup> Special leave Petition (Criminal) No. 4634 of 2014

reading the ruling, the bench, which also included Justices Krishna Murari and Hima Kohli, stated that the ratio "needs further expounding in a relevant case, without which substantial scope is left for arbitrary interpretation."<sup>13</sup>

## CONCLUSION

Money laundering is popular despite being prohibited. Additionally, the little likelihood of detection due to technological advancements has furthered the cause of money laundering. To effectively prevent money laundering, a considerable method and approach shift is required. For the purpose of preventing money laundering, control procedures have been devised. Money launderers, however, can innovate and get over these regulatory measures. There is a continuing need for adaptability. The actions needed to halt money laundering at the branch level of banks are accelerating. Global coordination, legislation, regulations, and enforcement have all been effectively developed by the Financial Action Task Force (FATF). Determining the impact of money laundering operations despite the advancements is what must be done. The advancement of international standards is assisting in the financial sector's catching up to the trade sector. Money laundering is now a profession rather than simply a footnote in the compliance handbook. All agree that the introduction of new digital currencies would prepare the banking system for a dramatic change in technique and approach to regulating money laundering. Estimates of the quantity and rate of money laundering differ.

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<sup>13</sup> PMLA Judgment Leaves Scope for Arbitrary Application: Supreme Court <<https://thewire.in/law/pmla-judgment-leaves-scope-for-arbitrary-application-supreme-court>> Accessed on 22 November 2022