

Prevention of Money Laundering Act (PMLA)

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PREVENTION OF MONEY LAUNDERING ACT

About Prevention of Money Laundering Act (PMLA):

- It is an Act **to prevent money laundering** and to **provide for the confiscation of property derived from** or involved in **money laundering**.
- The Act was formulated for the following **objectives**:
 - **Prevent money-laundering**.
 - Combat/**prevent channelising of money into illegal activities** and economic crimes.
 - Provide for the **confiscation of property** derived from, or involved/used in, money laundering.
 - Provide for matters connected and incidental to the acts of money laundering.
- The **Enforcement Directorate (ED)** in the Department of Revenue, Ministry of Finance, is **responsible for investigating the offences** of money laundering **under the PMLA**.
- **Financial Intelligence Unit - India (FIU-IND)** under the Department of Revenue is the **central national agency responsible for receiving, processing, analysing, and disseminating information relating to suspect financial transactions**.
- The **scheduled offences are** separately **investigated by agencies** mentioned **under respective acts**, for example, the local police, CBI, customs departments, SEBI, or any other investigative agency, as the case may be.

- **Actions that can be initiated against the person involved in money laundering:**
 - **Seizure/freezing of property and records and attachment of property** obtained with the proceeds of crime.
 - Any person who commits the offence of money laundering shall be punishable with –
 - **Rigorous imprisonment for a minimum term of three years** and this may **extend up to seven years**.
 - **Fine (without any limit)**.
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Q1) What is money laundering?

Money laundering is the illegal process of making large amounts of money generated by criminal activity, such as drug trafficking or terrorist funding, appear to have come from a legitimate source. The money from the criminal activity is considered dirty, and the process “launders” it to make it look clean.

Source: [CA, CS handling client money in PMLA ambit; FinMin notifies rules](#)

Source: <https://vajiramandravi.com/current-affairs/prevention-of-money-laundering-act-pmla/>

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