

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4418  
ANSWERED ON:19.05.2006  
FERA & PMLA  
Owaisi Shri Asaduddin

**Will the Minister of FINANCE be pleased to state:**

- (a) the purpose of enactment of the Prevention of Money Laundering Act (PMLA);
- (b) whether the Act has come into effect;
- (c) if so, the details thereof;
- (d) whether most of the provisions of FERA have been incorporated in PMLA; and
- (e) if so, the rationale behind repealing FERA and enacting PMLA with same provisions and powers ?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) to (c) : The Prevention of Money-laundering Act, 2002 (PMLA), is an Act to prevent money-laundering and to provide for confiscation of property derived from, or involved in, money-laundering and for matters connected therewith or incidental thereto. The Act has come into force with effect from 1st July, 2005. It contains a Schedule which lists out predicate offences relating to the offence of money laundering. It also contains the provisions relating to procedure for maintenance of record of all transactions, the nature and value of which has been prescribed under the rules, by every banking company, financial institutions and intermediary, and to furnish information of such transactions to the Director, attachment/confiscation of property, and prosecution etc.

(d) & (e) : The main purpose of PMLA is to provide for attachment and confiscation of proceeds of crimes listed in the Schedule of the Act. PMLA is independent of FERA, 1973. While FERA was repealed and replaced with the Foreign Exchange Management Act, 1999, the focus of PMLA is on combating the menace of money laundering.