

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1761

ANSWERED ON:19.11.2010

IMPROVING STANDARD OF FINANCIAL REGULATIONS

Abdulrahman Shri ;Singh Shri Dhananjay

Will the Minister of FINANCE be pleased to state:

- (a) whether India has become a member of the International Financial Action Task Force (IFATF) to fight money laundering;
- (b) if so, the details of objectives for which this Task Force has been set up;
- (c) the details of member countries of IFATF;
- (d) whether the IFATF has identified Free Trade Zones within countries as a potential danger for money laundering;
- (e) if so, the details thereof; and
- (f) the steps taken by the Union Government to improve the standard of its financial regulations to meet the IFATF standards?

Answer

MINISTER OF STATE FOR FINANCE (SHRI NAMO NARAIN MEENA)

(a) Yes, Sir.

(b) The FATF is an inter-governmental body whose purpose is the development and promotion of policies to combat money laundering and terrorist financing. It has established global standards and measures for countering money laundering and terrorist financing.

(c) At present, 34 countries are the members of FATF. They are: Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Denmark, Finland, France, Germany, Greece, Hong Kong/China, Iceland, India, Ireland, Italy, Japan, Kingdom of the Netherlands, Korea, Luxembourg, Mexico, New Zealand, Norway, Portugal, Russian Federation, Singapore, South Africa, Spain, Sweden, Switzerland, Turkey, United Kingdom and United States of America.

(d)&(e) Yes, Sir. FATF published a paper in March 2010 called 'Money laundering vulnerabilities of Free Trade Zones- March 2010'. As per the report, Free Trade Zones (FTZs) have the potential to be misused for money laundering.

(f): The Union Government has taken many steps to conform to FATF standards, These include:

Amendments made in the Prevention of Money Laundering Act, 2005 (PMLA) in 2009 and in the Unlawful Activities Prevention Act, 1967 (UAPA) in December 2008;

Setting up of the Financial Intelligence Unit-India (FIU-IND) in 2006 and,

issuance of PMLA Rules and various circulars by the Government and the financial sector regulators respectively