

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4082

ANSWERED ON:26.08.2011

SEBI WARNING/INSTRUCTIONS ON MONEY LAUNDERING AND TERROR FUNDING

Bapurao Shri Khatgaonkar Patil Bhaskarrao;Gaikwad Shri Eknath Mahadeo;Jindal Shri Naveen

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

- (a) whether the Securities and Exchange Board of India (SEBI) has issued any warning/instructions about possible money laundering and terror funding risks from some foreign countries;
- (b) if so, the details thereof including the name of said countries; f
- (c) whether the Reserve Bank of India (RBI) is also likely to issue similar warning/instructions to banks and institutions seeking caution in dealings with entities and funds related to the said nations;
- (d) if so, the time by which it is likely to be issued; and
- (e) the other steps taken/being taken by the Government to prevent the money laundering and terror funding?

**Answer**

MINISTER OF STATE FOR FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (d): The Financial Action Task Force (FATF) is the global standard setting body for anti-money laundering and combating of terrorism(AML/CFT), of which India is a member. The FATF periodically issues Public Statements on jurisdictions with strategic deficiencies in their AML/CFT regime. The FATF issued Public Statement dated June 24, 2011, identifying high risk and non-cooperative jurisdictions and called upon its members and other jurisdictions to apply counter-measures in the jurisdictions of Iran and Democratic People's Republic of Korea and consider the risks arising from the deficiencies associated with the jurisdictions of Bolivia, Cuba, Ethiopia, Kenya, Myanmar, Sri Lanka, Syria and Turkey. Ministry of Finance has advised The Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and Insurance Regulatory and Development Authority (IRDA) to take note of the FATF Public statement and advise suitably all the entities regulated by them. SEBI and RBI have accordingly issued communication to their respective regulated entities on July 12, 2011 and July 27, 2011 respectively.

(e): The Government pursues a comprehensive multi-dimensional approach to combat money laundering and financing of terrorism. The steps taken by the Government for the purpose include the strengthening of the legal regime, setting up of the Financial Intelligence Unit (FIU-IND), establishment of a separate cell for combating funding of terrorism in the Ministry of Home Affairs, creation of a dedicated cell in the National Investigation Agency to combat terror funding and Fake currency, enhanced cooperation amongst the Law Enforcement Agencies, setting up of Special Courts under the Prevention of Money Laundering Act and the National Investigation Agency Act;