

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2891

ANSWERED ON:30.03.2012

COMBATING MONEY LAUNDERING

Majhi Shri Pradeep Kumar;Patel Shri Kishanbhai Vestabhai

Will the Minister of FINANCE be pleased to state:

- (a) whether the Financial Action Task Force (FATF) has revised the recommendations for combating money laundering and financing of terrorism;
- (b) if so, the details thereof and reaction of the Government of India thereto;
- (c) whether India has fulfilled its commitments as a member of FATF;
- (d) if so, the details thereof and if not, the reasons therefor;
- (e) whether the revised recommendations for combating money laundering and financing of terrorism have been approved in the plenary meeting of FATF in the recent past; and
- (f) if so, the details in this regard?

Answer

MINISTER OF STATE FOR FINANCE (SHRI NAMO NARAIN MEENA)

(a), (b), (e) and (f): The Financial Action Task Force (FATF) has revised the recommendations for Combating Money Laundering and Financing of Terrorism, which were approved in the FATF Plenary meeting held in Paris from 15-17 February 2012. The main changes brought in the revised recommendations are:

Combating the financing of the proliferation of weapons of mass destruction through the consistent implementation of targeted financial sanctions when these are called for by the UN Security Council.

Improved transparency to make it harder for criminals and terrorists to conceal their identities or hide their assets behind legal persons and arrangements.

Stronger requirements when dealing with politically exposed persons (PEPs).

Expanding the scope of money laundering predicate offences by including tax crimes.

An enhanced risk-based approach which enables countries and the private sector to apply their resources more efficiently by focusing on higher risk areas.

More effective international cooperation including exchange of information between relevant authorities, conduct of joint investigations, and tracing, freezing and confiscation of illegal assets.

Better operational tools and a wider range of techniques and powers, both for the financial intelligence units, and for law enforcement to investigate and prosecute money laundering and terrorist financing.

As a member of FATF, India was a party to the approval of the revised recommendations and is committed to its implementation.

(c)and(d): At the time of joining FATF, India gave an Action Plan to overcome certain deficiencies in a time bound manner. The items of the Action Plan were divided into Immediate term, Short term and Medium term items, which were to be completed by June 2010, March 2011 and March 2012 respectively. India has completed the Immediate and Short term Action Plan items within the stipulated time.

The Medium term action points consist of amendments to Narcotic Drugs and Psychotropic Substances Act, Prevention of Money Laundering Act and the Unlawful Activities Prevention Act; and the Amendments Bills have been introduced in the Parliament on 08/09/2011, 27/12/11 and 29/12/11 respectively.