

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3050

ANSWERED ON:15.03.2013

INFLOW OF ILLEGAL MONEY

Muttemwar Shri Vilas Baburao;Rathwa Shri Ramsinhbhai Patalbhai

Will the Minister of FINANCE be pleased to state:

- (a) the details of mechanism put in place to prevent inflow of illegal money;
- (b) the details of cases arising therefrom and final decision taken on each such case during each of the last three years and the current year, State/UT-wise;
- (c) whether some foreign countries have procured or are in the process of purchasing the properties in some States like Goa;
- (d) if so, the names of countries and details of the properties procured along with the action taken/being taken thereon; and
- (e) whether the Government has assessed/propose to assess the existing laws/Acts in this regard and if so, the details and the outcome thereof?

Answer

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

(a): Reserve Bank of India has issued comprehensive instructions/guidelines to banks on Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards/Combating of Financing of Terrorism (CFT) / Obligation of banks under PMLA, 2002.

Also under PMLA 2002, the reporting entities including banks, financial institutions and intermediaries of securities market, payment system operators and authorized persons which include Money Transfer Service Providers, Authorized Money Changers, etc. are under obligation to file suspicious transactions reports (STRs) to the FIU-IND. After analysis of STRs, in relevant cases, the information is disseminated to the appropriate law enforcement agencies for further investigation.

Further the Government monitors the receipt and utilization of foreign contribution received by any `person` including Non-Government Organizations (NGOs) in the country in terms of the Foreign Contribution (Regulation) Act, 2010 and the Rules framed thereunder.

In cases of receipt of funds from abroad other than through authorized channels, Directorate of Enforcement takes appropriate action under Foreign Exchange Management Act, 1999.

(b) : During the years 2009-10, 2010-11, 2011-12 & 2012-13 (up to 28.02.2013) based upon the investigations conducted, the Adjudicating Authorities under FEMA have issued 945 Show Cause Notices for alleged contravention of the relevant provisions of FEMA relating to the transfer of funds unauthorisedly to the extent of about Rs. 2530 crore.

Apart from above, on the basis of enquiries on the complaints received, 24 cases have been referred to CBI, 10 cases to State Police, 35 NGOs have been placed in Prior Permission category, accounts of 32 NGOs have been frozen, 72 NGOs have been prohibited from receiving foreign contribution and registration of 4138 NGOs have been cancelled by Ministry of Home Affairs.

(c): As per the Master Circular dated 02.07.2012 issued by Reserve Bank of India, and in terms of Regulation 5A of the Foreign Exchange Management (Acquisition and transfer of immovable property in India) Regulation 2000, Foreign Embassy/Diplotomat/Consulate General are permitted to purchase/sell immovable property (other than agricultural land/plantation property/farm house) in India subject to clearance from Ministry of External Affairs, Government of India, besides payment of the consideration amount out of funds remitted from abroad through normal banking channels.

(d) & (e): Does not arise in view of the (c) above.