

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3288

ANSWERED ON:12.12.2014

FUNDING THROUGH HAWALA

Chaudhary Shri P.P.;Devi Smt. Rama;Khaire Shri Chandrakant Bhaurao

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware of the donations from the neighbouring countries through hawala and if so, the details thereof country-wise;
- (b) the number of such cases come to the notice of the Government during the last three years and current year;
- (c) the action taken by the Government on each case; and
- (d) the details of provisions being made by the Government to prevent such donations to the terrorists outfits of India?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a) to (c) Yes, Sir. Foreign Exchange Management Act, 1999 (FEMA) contains provisions for taking action in cases of violation of foreign exchange laws including the cases relating to International Hawala. The Directorate of Enforcement takes appropriate steps to conduct investigations including search and seizure actions in appropriate cases involving cases of International Hawala. These investigations may result in issue of Show Cause Notices (SCN) in cases where the allegations of violation of FEMA provisions are found to be substantiated. Subsequently, these SCNs upon adjudication may result in imposition of penalty as well as confiscation of currency/property involved.

Details of SCNs issued in respect of Hawala cases in last three years are as under :

Year	No. of SCN issued in Hawala cases	Amount involved in SCNs) issued (Rs. In lakhs
2011-12	116	18508.4
2012-13	147	8628.91
2013-14	273	65718.32
Total	536	92855.63

Besides, National Investigation Agency (NIA) is also investigating 11 terror funding cases.

(d) The Government of India has constituted a Combating Financing of Terrorism Cell (CFT Cell) in the Ministry of Home Affairs to monitor such activities. The NIA has constituted a Terror Funding and Fake Currency Cell to focus on terror funding and fake currency cases. The Unlawful Activities (Prevention) Act, 1967 has been amended to strengthen the legal regime further to combat terrorism in all its manifestations including financing of terrorism. India has become a member of the Financial Action Task Force (FATF) in 2010, which is an indication of the high level of compliance India has achieved in enforcing global standards in anti money laundering and combating financing of terrorism.