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Title: Discussion on the motion for consideration of the Prevention Of Money-Laundering (Amendment) Bill, 2009 as passed by Rajya Sabha. (Bill passed).

MR. SPEAKER: Now, the House will take up Item No.32â€”Shri Pawan Kumar Bansal.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI PAWAN KUMAR BANSAL): Sir, on behalf of my senior colleague, Shri Pranab Mukherjee, I beg to move:

"That the Bill further to amend the Prevention of Money-laundering Act, 2002, as passed by Rajya Sabha, be taken into consideration."

Sir, the Prevention of Money-Laundering Act, 2002 was enforced in the year 2005. Gaining from the experience and also trying to bring the provision in line with the law prevailing in different countries, the Prevention of Money-Laundering (Amendment) Bill, 2008 was introduced in the Rajya Sabha. The Bill was referred to the Standing Committee. The Standing Committee, after deliberating upon the Bill at length, made its observations and on the basis of those observations, we have moved certain amendments in the Rajya Sabha and the Rajya Sabha was pleased to pass this Bill the other day, on 19<sup>th</sup> February, 2009.

Very briefly, I would like to refer to the substantive amendments that we have moved in the Bill that are before the House today. These include (1) the addition of more offences to the Schedule to the Prevention of Money-Laundering Act, such as offences to do with terrorist financing, (2) the inclusion of a new category of offences, namely, offences of cross border implicationsâ€”this will effectively remove the threshold of Rs.30 lakh for predicate offences of Part B of the Schedule in cases of international activities; (3) to bring money changers, money transfer service providers, and international payment gateways within the reporting regime; and (4) to bring one Designated Non Financial Business, namely, casinos under the reporting regime.

There were certain difficulties also experienced in the enforcement of the Act, which are now sought to be removed by providing that the proceeds of crimeâ€”and this is a very important one--can be provisionally attached even when these are in the possession of a person who has not been charged with a predicate offence; and secondly, to provide that such order of provisional attachment of the proceeds of crime can be confirmed by the Adjudicating Authority. The provisional attachment, which was initially permitted for a period of 30 days, can now be continued up to 150 days.

**15.38 hrs** (Mr. Deputy-Speaker *in the Chair*)

Also, we have provided that the power to search and seize can be exercised at the stage of filing of report by the police authorities under Section 157 of the Cr. PC in cases where the police is investigating the predicate offence. Also, there is provision that the power to search or seize can be delegated to officers not below the rank of Deputy Director.

With these words, I would commend the Bill to this hon. House.

MR. DEPUTY-SPEAKER: Motion moved:

"That the Bill further to amend the Prevention of Money-laundering Act, 2002, as passed by Rajya Sabha, be taken into consideration."

**श्री लक्ष्मण सिंह (राजगढ़) :** उपाध्यक्ष महोदय, माननीय मंत्री जी धनशोधन निवारण विधेयक में जो संशोधन लाए हैं, मैं उनका स्वागत करता हूँ परंतु यह कहना चाहता हूँ कि यदि इन संशोधनों को जल्दी लाते तो और अच्छा होता। इन संशोधनों के बाद हमें यह अधिकार हो जाएगा कि हम फाइनेंशियल एक्शन टास्क फोर्स के सदस्य बनकर आतंकवादी गतिविधियों को रोकने में सफल होंगे। इससे जो पैसा इन गतिविधियों में लगता है, उन पर हम नियंत्रण पा सकेंगे। [\[h42\]](#)

मध्य 80 के बाद और 90 के दशक में विश्व में और विशेषकर हमारे देश में आतंकवाद में बढ़ोतरी देखी गई। इन गतिविधियों को रोकना का सबसे पहला प्रयास वर्ष 1998 वियना में यूनाइटेड नेशन्स द्वारा किया गया। उसी के परिणामस्वरूप आज यह धनशोधन निवारण (संशोधन) विधेयक लाया गया है।

उपाध्यक्ष महोदय, मैं किसी को दोष नहीं दे रहा हूँ क्योंकि हम सभी इसके लिए जवाबदेह हैं। हमारे देश की इकोनामी एक ट्रिलियन डॉलर की है और इसी के पेरल काले धन की इकोनामी भी एक ट्रिलियन डॉलर की चल रही है। इस पेरल इकोनामी पर अंकुश लगाने की आवश्यकता है। जब तक इस पर अंकुश नहीं लगेगा, तब तक हम आतंकवादी गतिविधियों को रोकने में सफल नहीं हो पाएंगे।

महोदय, एक रिपोर्ट के अनुसार स्विज बैंक में सबसे अधिक धनराशि हमारे देश के लोगों की जमा है। उस धन को निकालने के जो प्रयास किए जाने चाहिए थे, वह अभी तक

नहीं किए गए हैं। जर्मनी की सरकार ने इसके लिए प्रयास किए हैं। उन्होंने वहां से यह सूचना निकाली है कि किन कंपनियों के खाते स्विस बैंक में हैं, जिन्होंने टैक्स बचाने के लिए ऐसा किया है। फिनलैंड की सरकार ने प्रयास किया और उन्हें भी सफलता मिली। हमें भी प्रयास करने चाहिए कि स्विस बैंक में किन लोगों का पैसा रखा है और इस धनराशि का उपयोग कहां और कैसे हो रहा है? कहीं इस धन का उपयोग आतंकवादी गतिविधियों के लिए हमारे देश के खिलाफ तो नहीं हो रहा है? मैं समझता हूँ कि यह प्रयास करना बहुत ही आवश्यक है।

महोदय, हमारे सियोरिटी एडवाइज़र ने एक अन्तर्राष्ट्रीय सेमिनार में वक्तव्य देते हुए यह कहा है कि आज जितना स्लश मनी, ड्रग के माफ़त जो काला पैसा आता है अथवा वाइलडलाइफ ट्रेड के माध्यम से जो पैसा आता है, वह रियल एस्टेट में लगाया जा रहा है। इसे बहुत गम्भीरता से लेने की आवश्यकता है।

महोदय, हमारे देश में भ्रष्टाचार बढ़ता जा रहा है, जिसे रोकने की आवश्यकता है। ट्रांसपैरेंसी संस्था ने 146 देशों का सर्वे किया था, जिसमें हमारा देश भ्रष्टाचार में 91 स्थान पर है। इन पर रोक लगाने के लिए आप इस बिल में क्या प्रयास करने जा रहे हैं, कृपया इसे बताएं।

महोदय, आईएमएफ के सर्वे के अनुसार लगभग 40 लाख करोड़ रूपया ब्लैकमनी के रूप में हमारे देश में है। इस ब्लैकमनी का दुरुपयोग किया जा रहा है, जिससे आतंकवादी गतिविधियों को बढ़ावा मिल रहा है।...(ब्यवधान)

MR. DEPUTY-SPEAKER: Anything spoken without my permission should not be recorded.

*(Interruptions) \* \* \**

SHRI LAKSHMAN SINGH (RAJGARH): Sir, what I am trying to say is that all this money, slush money, black-money or money earned through illegal means – illegal trafficking, illegal drugs trade, wildlife trade. ...*(Interruptions)*

MR. DEPUTY-SPEAKER: Shri Lakshman Singh, do not address any Member. Please address the Chair.

**श्री लक्ष्मण सिंह :** महोदय, हम इस बिल का स्वागत करते हैं, लेकिन इस बिल को और प्रभावी बनाने के लिए शासन को और अधिक कठोर प्रयास करने होंगे। आप क्या प्रयास करेंगे? क्या कदम उठाएंगे? राज्य सरकारों से क्या सहायता चाहते हैं? मैं मंत्री जी से निवेदन करूंगा कि वे इन सब बातों का उल्लेख अपने भाषण में करें।

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\* Not recorded.

SHRI RUPCHAND PAL (HOOGHLY): Sir, we had passed this from the Standing Committee rather in haste as you were very keen to get it passed along with the other anti-terrorist pieces of legislation that were being passed. But it took so much of time -- whatever may be the difficulties -- and now it has come. I will just add a couple of points.

Firstly, the Standing Committee has deeply gone into different provisions including the new opportunities that are being exploited by the terrorist forces, so that they can be brought within the purview of the criminal justice system. But even today we do find that hawala regime is very much dominant. Even in the Satyam case we do find that a big reputed company had resorted to the hawala route. One UK research team is commenting that about 500 such companies of India are using the hawala route, and that they are not even using the money that they are having as external commercial borrowings for the same purpose. They are first

putting the money sometimes in the share market or sometimes they are using it for the purposes that are not in conformity with the purposes stated for getting that loan, be it the external commercial borrowings or other borrowings.

They have mentioned about the Swiss bank accounts. Even today we do find that the UBS have come clean about the bank accounts of the American fraudsters. The UK Prime Minister has also appealed for it. Now, the reports are that more than \$ 1,400 billion worth of Indian money are stashed. Apart from that, there are many other tax havens where money is there. There was a comment that that money is coming back, and the capital market is also being used by the terrorist groups themselves. This was a comment coming from an important person. This issue came up while we were examining this issue. The issue of fake currency notes also came up. All these issues are there.

I support the Bill, but I think that the Bill has come in the backdrop of the anti-terrorist measures that are being initiated. There are very many grey areas, and the loopholes are to be plugged appropriately. The first such loophole is the participatory note. The Reserve Bank of India had categorically stated that it should be banned, but for very many reasons the Government of India did not give it. The source of money is never known. The money is coming from different sources. Therefore, when the National Security Advisor was commenting that money is coming to the capital market, this was also terrorist money. I think that all these are related issues.

Deregulation has many faces. One face you find in America where Lehman Brothers are really on the streets as it has collapsed. There are very many other icons of the Wall Street who are not only rolling on the streets, but have also vanished. They are becoming vanishing companies, who have their own money.

Now, as regards Satyam, we do find that they have also been using the hawala route. Therefore, my suggestion will be that in addition to the provisions that we have made in order to strengthen it or make the provision more stringent, they should also bring it within the purview of the criminal justice and criminal law. Hence, the Schedule is being added to the Bill. I would suggest a re-look at the provision like participatory note or a re-look at the reports of the money being stashed abroad, which may also be used by the terrorists in different names or through different NGOs, etc.

I support the Bill, and I appeal to the Government that they should look into the Bill for some more comprehensive measures.

**श्री मोहन रावले (मुम्बई दक्षिण-मध्य):** उपाध्यक्ष महोदय मैं प्रिवेंशन ऑफ मनी-लाँड्रिंग (अमेंडमेंट) बिल, 2009 पर बोलने के लिए खड़ा हुआ हूँ। आपने मुझे इस पर बोलने का मौका दिया, इसके लिए मैं आपका शुक्रिया अदा करता हूँ। मुम्बई पर आतंकवादियों के हमले के बाद मैं बहुत सारे इंटरव्यूज सुन चुका हूँ, लेकिन हमले के पीछे कौन लोग हैं, यह पता ही नहीं लग रहा है। जो आतंकवादी हमला मुम्बई पर हुआ, उसे मैंने अपनी आंखों से देखा। मैं तीन दिन तक वहां लगातार बना रहा। मुम्बई में जो आतंकवादी आए, वहां उन्होंने हमला किया, उन्हें वहां ले जाने वाला कौन था? मैं स्वयं मुम्बई शहर से हूँ। मैंने स्वयं अपनी आंखों से देखा है। मुझे हमले से पहले तक पता नहीं था कि नरीमन बिल्डिंग कहां है, लेकिन आतंकवादियों को बराबर पता था कि नरीमन बिल्डिंग कहा है या लेपर्ड होटल कहां है; इसलिए उन्होंने वहां फायरिंग शुरू की। उन्हें पता था कि वहां फॉरेनर्स आते हैं। यानी उन्हें मुम्बई की पूरी जानकारी देने वाला कोई न कोई था।

महोदय, उन्हें धन उपलब्ध कराने वाला भी कोई न कोई था। मैं मनी-लाँड्रिंग बिल पर ही बोल रहा हूँ कि आखिर यह पैसा हवाले के माध्यम से उन तक कैसे पहुंचता है।

**उपाध्यक्ष महोदय :** कृपया उन्हें डिस्टर्ब न कीजिए। उन्हें अपना भाषण समाप्त करने दीजिए।

**श्री मोहन रावले :** महोदय, उनके पास पैसा कहां से आता है, यह देखना चाहिए। इसके साथ-साथ मैं सिविलोरी के बारे में कहना चाहता हूँ कि वहां की पुलिस को अच्छी तरह से ट्रेनिंग देने की जरूरत है। मैंने देखा था कि यदि पुलिस को अच्छी प्रकार की ट्रेनिंग दी गई होती, तो जितने पुलिस वाले मारे गए हैं, वे नहीं मारे जाते। उन्हें टैरिस्ट्स के खिलाफ लड़ने की ट्रेनिंग और नॉलेज होनी चाहिए। इसके लिए उन्हें विशेष ट्रेनिंग देने की जरूरत है। टैरिस्ट्स कहां से आते हैं, कैसे आते हैं, उन्हें पैसा कहां से मिलता है, इस सबकी जानकारी होनी चाहिए। अगर वहां की पुलिस को टैरिस्ट के खिलाफ लड़ने की ट्रेनिंग दी गई होती, तो जितनी ज्यादा संख्या में पुलिस वाले मुम्बई में टैरिस्ट्स के हाथों मारे गए, वे नहीं मारे जाते। यह मैंने अपनी आंखों से देखा है। मुम्बई के पुलिस वाले बहुत बहादुर थे, लेकिन उन्हें ऐसा पता नहीं था कि टैरिस्ट्स को किस प्रकार मौका देखकर मारना है। मैं सरकार से प्रार्थना करता हूँ कि मुम्बई पुलिस वालों को इस प्रकार की ट्रेनिंग देनी चाहिए। शंशाक शिंदे जो बहादुर पुलिस आफिसर था उसे अशोक चव् मिला चाहिए।

मैं बिल से हटकर, एक छोटी सी बात और बोलना चाहता हूँ। मुम्बई शहर में आतंकवादियों ने हमला किया, तो छत्तपति शिवाजी टर्मिनस पर श्री शंशाक शिंदे के साथ और कई लोग मारे गए। मेरा निवेदन है कि श्री शंशाक शिंदे को आप अशोक चव् से सम्मानित कीजिए। मैं इस बिल का सपोर्ट करता हूँ।

**श्री आलोक कुमार मेहता (समस्तीपुर):** उपाध्यक्ष महोदय, मैं प्रिवेंशन ऑफ मनी-लाँड्रिंग (अमेंडमेंट) बिल, 2009 के समर्थन में बोलने के लिए खड़ा हुआ हूँ। मैं इस क़्रम में कहना चाहता हूँ कि भ्रष्टाचार एक बहुत ही प्राचीन बुयर्ड है, जिसमें आर्थिक भ्रष्टाचार का बहुत बड़ा शेयर है। काले धन के माध्यम से विभिन्न प्रकार के भ्रष्टाचारों को बढ़ावा मिलता है। यह देश को आर्थिक, सामाजिक, धार्मिक और शैक्षणिक ढर पहलू से प्रभावित करता है। यह कोई लोकल फिर्नॉमिना नहीं है। आज के समय में जब एक्सपोर्ट और इम्पोर्ट का युग है, तो यह ग्लोबल फिर्नॉमिना है और किसी एक जगह से नियंत्रित करने से यह नियंत्रित होने वाला नहीं है।

महोदय, मैं यू.पी.ए. सरकार को धन्यवाद देना चाहता हूँ कि उसके समय में आर्थिक क्षेत्र में बहुत तेजी से प्रगति हो रही है। कम्प्यूटराइजेशन और ऑटोमेशन के माध्यम से और कई ऐसे प्रभावी सॉफ्टवेयर विकसित किए गए, जिनके द्वारा इस प्रकार की मनी-लाँड्रिंग को डिस्क्रेज करने का कार्य किया गया, लेकिन फिर भी मुझे लगता है कि पिलफिरेज रह गए हैं। अब यह ऑनगोइंग प्रॉसेस है। इसे अधिक से अधिक कैसे प्रतिबंधित करें, ऐसे उपाय सरकार को करने चाहिए। हाल के दिनों में विदेशों से उग्रवाद और आतंकवाद को बढ़ावा देने के लिए, मनी-लाँड्रिंग सिस्टम के माध्यम से अवैध धन आने की सूचना मिलती रही है। इसलिए मैं समझता हूँ कि यह एक ऐसा क्षेत्र है, जिसमें हार्ड प्रिंसीपल की जरूरत है और प्रिंसाइपल-वे में जो भी सॉफ्टवेयर डैवलप होता है, वह टैस्टेड और फूलपूफ होना चाहिए। हमेशा उसे बेहतर बनाने और उसकी मैटेनेंस के उपाय किए जाने चाहिए। [R43]

उद्योग-धन्धों और व्यापार के नाम पर बहुत तरह के पिलफिरेज पाये जा रहे हैं और कालेधन का पलो हो रहा है। मैं पूरा विश्वास रखता हूँ कि यू.पी.ए. सरकार की जो पिछले वर्षों की बजटरी एप्रोच रही है, जिसमें टैक्सेशन के माध्यम से वैसी चीजों को भी बांधने की कोशिश की गई है, जहां से भ्रष्टाचार की शुरुआत होती थी या जिस माध्यम से एक पैरलल पैसेज हुआ करता था, वैसी मनी के पलो को और जो आज पैकेज सिस्टम ग्लोबली ढर जगह चल रहा है, हमारे देश में भी चल रहा है, ऐसे पैकेज का एक बहुत बड़ा पार्ट अनटैक्स्ट रह जाता है, चाहे विभिन्न तरह के मैटेनेंस कॉस्ट के माध्यम से हो या अन्य माध्यमों से हो, उसके हैड्स ऐसे होते हैं, जो टैक्स की पैरीफरी में नहीं आते थे। सरकार की एप्रोच है कि धीरे-धीरे जैसे हैड्स को भी टैक्स की पैरीफरी में लाकर जैसे अवैध पलो को रोकने का प्रयास किया जाये।

हम आशा करते हैं कि आने वाले दिनों में खास तौर से नेशनल इंटेग्रिटी पर जो क्वेश्चन इसके माध्यम से हो रहा है, जो फाइनेंशियल क्राइम, जो ब्लैकमनी पलो या फिर विदेशी विध्वंसक शक्तियों के द्वारा ऐसा मनी का पलो हो रहा है, सरकार की प्रोयर्टी में उसको रोकना होना चाहिए।

इसी के साथ मैं इस बिल का समर्थन करता हूँ।

**SHRI B. MAHTAB (CUTTACK):** Sir, I stand here to participate in the Bill that has been moved for an amendment amending the Prevention of Money Laundering Act known as Prevention of Money Laundering (Amendment) Bill 2009.

The Minister has very rightly pointed out that this Bill was before the Rajya Sabha and was referred to the Standing Committee of Finance. As Shri Rupchand Pal has stated, the Standing Committee of Finance also went into it in haste, for the interest of the nation, and also made certain suggestions. Though this Parliament had passed this Act in 2002 it came into force in 2005. But subsequently a number of incidents had occurred in the country. Sir, because of the obligation which we have with the United Nations General Assembly Resolution, this amendment has become necessary. The UNGA had adopted the political declaration and global programme of action to prevent money laundering. This Act of 2002 was brought into force in 2005, to prevent money laundering and to provide for confiscation of property derived from or involved in money laundering and for matters connected therewith.

I am reminded of the day when from the railway platform of Delhi large bags of black-money, *Hawala* money, were recovered. A dairy went around and a number of cases were registered in the early nineties. At that time it was in the Media that this money was *Hawala* money which was supposed to be diverted for terrorists' activities in Jammu and Kashmir valley. The whole country knows how money has played a vital role in the terrorists' activities. It is not only poverty which has played a vital role in having terrorists activities in different parts of the world, money also has played a vital role to have terrorists activities throughout the world. Money played a vital role at one point of time to have drug mafias. Later on it went into the terrorists' activities. Now, we have terrorists' activities which have religious undertone or overtone as we may say it. [R44]

**16.00 hrs.**

Therefore, it is in the fitness of things that certain amendments were required and basically the amendment which has been

incorporated here though it was not in the original amendment which was placed before the Rajya Sabha, was relating to counterfeit, currency notes, bank notes or promissory notes as has been said for using as genuine, forged counterfeit, currency notes or bank notes. The State is aware how much black money or counterfeit notes are coming into the country through different channels, not only from Nepal or Bangladesh even from Thailand. A large number of people from African countries are also getting involved in this counterfeit currency getting into our country. It is playing a major role to give impetus to terrorist activities. The amendment that has been also proposed says that the offences under the Narcotic Drugs and Psychotropic Substances Act, 1985 and also offences under the Indian Penal Code are genuine. I would say that sufficient safeguards have been made into this Bill.

Recently, I think two-three months back, a report was there in the media and the National Security Adviser came out with a statement and I do not think it has been contradicted yet nor any explanation has been given that *havala* money or terrorist money is getting involved in the stock exchange market. Money is being invested in our stock exchanges. This is very serious but I still doubt. I think the Minister can clarify while replying how far this is true and if this is so whether this Bill is sufficient enough to take cognizance of this fact and take action against it because money is playing a vital role. I would appreciate the amendment that has come specially the amendment or certain presumptions – raids can be conducted and property can be confiscated the moment some action has taken place. These are the two major amendments which are there in this Bill and I appreciate that. I also expect that the money that is being invested in stock

exchanges – *havala* money or the terrorist money whichever link one is to go through if this is taken care of, I think we do not have to worry very much because money is playing a vital role in carrying out terrorist activities and is giving impetus to the terrorist. With these words, I support this Bill.

SHRI VIJAYENDRA PAL SINGH (BHILWARA): Sir, I stand to support the Prevention of Money-laundering (Amendment) Bill, 2009. Most of the points have been covered and I actually appreciate the way the Minister has put this. There are two-three points that I want to make and they are very specific ones.

After 9/11, the international agencies very rightly said that we must curb the money flowing into the terrorist attacks and the activities of the terrorism. A lot of things have come about. Today, nobody carries the money. They want to have electronic transfers, credit cards, debit cards, etc. People are saying that one of the reasons for the biggest frauds in America as also the recession is credit cards and debit systems.[\[R45\]](#)

They do not know how billions of money has gone into forgery and fraud. They do not really know about it. What I am trying to say is that we must not get into this line. Punishment has been provided for. Everything is in place. But we do not know how they are being implemented. Something must be done in regard to credit card forgery so that the financial system, the economic situation that we are in today is not adversely affected by this.

Sir, my second point is that we have currency notes of various denominations, like a thousand rupee note, a five hundred rupee note. The basic question is, do they have enough safeguards? Do they have the salient security features? I recently had a word with someone who is an expert and also Indian and he said that he wanted to advice the Government on this aspect. He told me that the Swiss Franc currency had 20 such features because of which it cannot be counterfeited. Whereas, in our currency notes we have only two to three security features and safeguards. Why can we not upgrade this system? The Australians have plastic cards which are not plastic notes. They cannot have the features. So, they also are doing away with it. My point here is that we must upgrade the security features of the currency notes so that they could not be counterfeited. There are features like the colours of the currency notes and there are little things like "RBI" written on it and those can be upgraded. We can have more number of security features so that the counterfeit money that comes to India can be stopped.

SHRI BRAJA KISHORE TRIPATHY (PURI): Sir, I would like to make a brief submission on this Bill ...(*Interruptions*)

SHRI MADHUSUDAN MISTRY (SABARKANTHA): Shri Mehtab has already spoken from your party...(*Interruptions*)

SHRI BRAJA KISHORE TRIPATHY : What is the hurry? I am requesting the hon. Chairman to allow me two minutes. Why are you obstructing? ...(*Interruptions*)

MR. DEPUTY SPEAKER : Member from your party has already spoken. So, you may speak for only two minutes.

SHRI BRAJA KISHORE TRIPATHY : Sir, the Bill seeks to amend the Prevention of Money-Laundering Act, 2002. At the moment,

on rough calculation, it is said that about one trillion dollar of money is laundered and also comes to India every year. India's parallel economy is so deeply entrenched that possession of black money is not even considered and it is of common knowledge that how this black money is being used in terrorist activities. This is one of the greatest factors in combating terrorism and we are unable to locate the money. This legislation was made in 2002 and the provisions of this Act were enforced only in 2005. The Government has also been sitting over it for the last two to three years and only now it has come to make it more effective. This Act needs more teeth. Whatever are therein the provisions of this present Act, those are not sufficient to control money laundering and its consequent effect on terrorism.

Many hon. Members have already spoken on this Bill. Prevention of money laundering does not attack crime but it attacks only the proceeds of crime. The proceeds can be attacked but only if they are involved in a schedule offence making the law ineffective. [\[R46\]](#)

Whatever provision is there only leads to crime. Nobody will be penalized for this thing. So, more teeth are required to combat it. Otherwise, this law will be ineffective. Practically, black money is running as a parallel economy and hence terrorist activities will go on.

There is a recent media report to which I would like to draw the attention of the hon. Minister. It indicates that money laundering racket could be to the tune of lakhs of crores. The Stud Farm owner, one Mr. Hassan Ali Khan, is the man at the centre of an alleged Rs. 35,000 crore money laundering racket. It is also alleged that this Rs. 35,000 crores are illegally transferred abroad. The Central Board of Direct Taxes, CBDT, is investigating the case. The Enforcement Directorate should also do the needful. Who else are involved in this case? What is the result of this investigation? I am just quoting the case as it has come out in the media reports. This has been investigated by the Central Board of Direct Taxes. The House and I are interested to know the result of that investigation. This law is there in your hands and a case is also under investigation. I want to know whether you are able to locate the real owner of this amount.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (SHRI PAWAN KUMAR BANSAL): Sir, I am grateful to Shri Laxman Singh, Shri Rupchand Pal, Shri Mohan Rawale, Shri Alok Mehta, Shri B. Mahtab, Shri V.P. Singh and Shri Braja Kishore Tripathy for giving broad support to this Bill. I am also grateful to them for many valuable suggestions that they have made.

At the very outset, I would like to assure them that we would value their suggestions and would certainly take their help from time to time. Law making is always an evolving process and we learn from experience. Whenever we feel that there is a need for making any further amendment, we would always like to bring them in. Let me also say that there has been no delay whatever on the part of the Government to react to a particular situation and it was this Government which enforced it. The main Act was in 2005 and thereafter we have come out with these amendments to this House.

I entirely agree with the hon. Members about the pernicious role that the ill-gotten money or the money which is related to crime plays in destabilizing the economy and financial system of any country for that matter. Monetary gains, we can all feel, can both be the cause and effect or for that matter the product of crime. And it is precisely to meet situations like that, we have brought this Bill. For instance, take the case of terrorism. The terrorist groups need money to organize their activities and people whom they are able to attract are attracted because of money. Therefore, that nexus has to be broken because this affects the stability of this country. There are also places which are called as heavens for the criminals and we know what their fate is when it comes to financial parameters of the economy. Therefore, this Government has always been concerned about it and this Bill is to avoid and to ensure not to allow any environment which enables the criminals to enjoy the profits of crime with impunity and finesse, the illicit activity with virtually no fear of facing punishment is available to them. That environment would inherently be a destabilizing factor for the economy.

I would not like to take much time of the House but I would certainly like to refer to some very pertinent points raised by the hon. Members during the [\[U47\]](#) course of this brief debate.

A point has been made by two hon. Members about a statement attributed to the National Security Advisor about the role of *havala* money in the real estate and the stock market. So, let me, at the very outset, say here – I remember and I am sure the

hon. Members would also recall that – after that statement was reported in the media, there was an official denial to that saying that there was nothing like that. We all have that experience that from time to time what we really say at a particular occasion is misunderstood and, therefore, leads to some sort of mis-interpretation and mis-reporting. It was specially said that the National Security Advisor had not said that. The words used by Shri Mahtab was "is being used in the stock exchange". He did not say so.

This is precisely the reason why we want to bring about stringent laws for checking money laundering. That is precisely the reason that such money should not find its route into our financial systems and to the vitals of our society. That is absolutely important because we always see, as I said a little while earlier, that it gives the motivation and it is also the fruit of terrorist activities or any kind that this money at times plays that role.

Therefore, it is imperative to see that the tainted money is never projected as the untainted money because that money will find use elsewhere. That is precisely what we have to choke. It is for this purpose that these amendments are incorporated here.

As the hon. Members would have seen, there was a host of offences given in this Schedule, which we call the "base offences" or the "predicate offences." I agree with what was said that this law is precisely aimed at checking the use of money which may be proceeding from or may be the proceeds of crime. We have, in our country, a large number of laws which purport to deal with different situations. Provisions of good many of them, like the Indian Penal Code, Narcotic Drugs and Psychotropic Substances law and the Unlawful Activities Act, have been detailed in this Schedule also.

Now, the point is that in many of those cases the money as such may not be the case property. Therefore, the courts which take cognizance of that offence may not really be able to deal with the money which is the proceeds of this offence. If the Director or any of the authorities, under the Act, has a reasonable belief that here is a case or here is a person who is having this money which is actually emanating from or is the result of crime or there is money stacked somewhere which has actually a relation with crime, action can be taken. The property can be searched, the individual person can be searched, the property can be attached even provisionally.

The important amendment that we have made here is that even if it is seen that a person may not be really associated with the crime, but if there is reasonable belief of the authority concerned that the money which he holds is crime related money, action under this can be initiated. I would like to ask, what can be more strong approach to a problem like this. Ever since the laws were enforced, the various authorities are in place and from time to time they have been initiating action.[\[MSOffice48\]](#)

There has been a feeling expressed about the promissory notes by Shri Rupchand Pal and by some other hon. Members. Their fear is that the participatory notes – I would utmost like to differ with them on that – that passing a sweeping judgement on a well-accepted norm, well-accepted financial derivative would not, in fact, do us good. The participatory notes are nothing peculiar to India. Shri Suresh Prabhu would bear me out.

Sir, almost all the countries accept the participatory notes or the offshore derivative instruments. But to ensure that the investment *via* the route of participatory notes is not able to destabilise our system, the SEBI regulations stipulate that the persons, the FIIs who issue these participatory notes must report at the end of every month in a prescribed format. All information relating to the participatory notes is issued by them including the names of the subscribers to the said participatory notes. Now, it is for us, as a country, to decide whether we want that foreign investment or not, whether we want to have altogether a different system which may be to our detriment and whether we want to move with the world. I do not know a point was sought to be made by Shri Braja Kishore Tripathi about the volumes of foreign money coming to India. We welcome that. We had asked for it - whether it is the FDI or whether it is the FII investment, we had been asking for it. That provides you the necessary input to move forward for the growth of the country. You need investments, but the only thing which you have to see is that the forces which are inimical to you are not able to use that route to destabilise your country or to destabilise your sovereignty or to hit at your sovereignty. That is our cause of concern. It is precisely for that reason – for the sake of adding an emphasis to it that I am repeating it -- that a large number of offences have been included in the list. It is true that those laws take care of the substantive offences there. This law takes care of the proceeds of crime. Therefore, we cannot expect that this law by itself would attack. As it was said, why does it not attack the main offence? It is not intended to. But we want to create a climate where the source or the points from where a person is encouraged to resort to crime should be taken care of. Therefore, that ill-gotten money and that tainted money is really the subject matter of this law. That care has been taken here.

Sir, a point has been made about the fake Indian currency notes. We are all concerned about that. But before I proceed further on this, I would also like to assure our hon. Members that though there are instances from time to time where fake currency notes are detected and there was a case even when in a bank branch it was detected that a bank official in collusion with some people was responsible for that. But I want to assure the hon. Members that this situation has not assumed any alarming situation in our country. We need not really be alarmed over this and the security features which we have -- I would like to assure Shri Vijayendra Pal Singh – are adequate for us. It is through global tenders that we buy the security features and those security

features we keep changing from time to time. So far nothing substantial has ever been proved that our security features have been breached anywhere by anyone[\[a49\]](#).

The machines through which the notes pass, they can read out any counterfeit currency note and they can immediately detect it. Even when you see the visual, when you tilt the notes, you would have experienced the colour varies. There are different schemes. From one colour to another colour it varies. When you just shift the note and you look at the thread, you will find that the colour varies. That is peculiar to every, different currency note for which we chose that particular security feature. Therefore, it is our view in the Government that the security features that we incorporate in our currency notes are chosen after a detailed tendering process, after the Expert Committee discussed that matter and after the strong and stringent competition amongst the vendors in the world who are all not just ordinary people but who have the real experience in the field. They are the people who supplied that. There is really no reason to worry on that score.

A point was also made about the latest report about the Swiss Bank. Well, Sir, the report was in the newspapers only a few days back. All that I want to say is that the Ministry of Finance, the Central Board of Direct Taxes and the Central Board of Excise and Customs have an elaborate mechanism, a system in place to pursue any suspicious transaction anywhere, to initiate action where required and that they are prompt in taking action.

There was a report, sometimes back, about a German Bank where the Central Board of Excise and Customs was prompt in approaching that Bank to seek information. We are also in touch. Our Ambassador is also in touch with them to seek information as to what we can get. But here, again, I would like to only assure our hon. Members that no effort is ever left wanting in taking the appropriate action where this Government considers it necessary. We are aware that because of the magnitude of the tragedies, the activities, whether they are the terrorist activities or other activities intended to destabilise our economy, they can unleash major tragedies. Therefore, every effort is always made to trace the source of that crime – whether it is the monetary or, for that matter, any other measure.

The last point that was, in fact, made was about the credit cards. There was a point made that because of the cashless transactions now carried out, credit cards pose a potential threat to the financial system. It is precisely to cover the situation like that that the money changers and all these payment systems, etc. have been brought within the reporting regime. The Act already provides for that. Whether it is the banking sector as such, whether it is the Non-Banking Financial Company or other intermediaries who are supposed to be reporting to the authorities about any suspicious transaction which they come across, now that list has been enlarged. I have referred to the casino which has been included there. Similarly, all these systems of payments and settlements have been incorporated therein. They become part of the reporting regime. Wherever they feel they have to keep reporting periodically, according to that, wherever they feel that they have come across a suspicious transaction, they are supposed to be reporting that. We do feel that while you have to move along with the world, you have to move forward....(*Interruptions*) But, at the same time, where we feel that some precautionary measures have to be taken or corrective measures have to be taken, we would do that.

There was a point made about the use of the Information Technology. [\[R50\]r51](#)For that also I would only like to say that the bank officials have been trained. There is a human resource development aspect and that has been taken care of and being conscience of the fact that the geniuses amongst the devil can take advantage of any situation, we do see to it from time to time that all the counter measures are put in place. These were some of the points, perhaps which were referred to here.

There was one point which Shri Tripathy referred to about the Stud Farm owners. I would say that I would like to collect that information and I will get that passed on to the hon. Member as to what specific measures have been taken in that direction.

With these words, I once again express my gratitude to all the hon. Members and would assure them once again that as and when on a continuing process we get any feedback from the hon. Members or from the civil society as such about needs to strengthen the anti-money laundering measures in the country, the Government would always like to do it.

SHRI SURESH PRABHAKAR PRABHU (RAJAPUR): The hon. Minister was just responding to the point that was raised by some of the hon. Members about the possibility of a huge amount of money being stashed in Swiss Banks from the Indian nationals. One estimate, as per the report, is that the money could be 1.5 trillion dollars which is more than India's economy. I would just like to know is it true or is it possible that it could be more than India's total economy that the money could be stashed there.

SHRI PAWAN KUMAR BANSAL: Sir, Shri Prabhu has been in the Government and I think he would not subscribe to that view. We



have a strong economy, but you cannot make laws to enforce honesty everywhere. There can be deviations from time to time and it is precisely to cover those situations that we have plethora of laws here to deal with different situations. But I, for one, would never subscribe to a view that it could be that much or anything. But I would still say that wherever any information comes to our notice, whatever information ever comes to hon. Members, if they pass it on to us even on the basis of suspicion, I can assure them that the Government would be prompt in taking action against them, approaching any concerned authority and doing whatever is considered necessary to see that nobody is ever able to play with our economy the way it is feared by them.

**श्री लक्ष्मण सिंह :** उपाध्यक्ष महोदय, आजकल दुनिया में ऐसे ऑप्टेवर उपलब्ध हैं, जो मनी लॉडिंग को रोक सकते हैं और उनकी जानकारी दे सकते हैं। क्या आपने ऐसे ऑप्टेवर इनस्टॉल किए हैं या करने जा रहे हैं?

**SHRI C.K. CHANDRAPPAN :** Sir, just now the hon. Minister was clarifying about the allegation with regard to Swiss Banks accounts. We all, the Members of Parliament, got a certain letter which alleges that huge amount of Indian money has been deposited in Swiss Banks. We can pass on that letter to the hon. Minister if he has not got it. The allegation is serious. The Government says that any such thing will be enquired into. But in this case since the allegation is serious, it has been raised in Parliament, whether the Government will assure that it will be enquired into.

**श्री पवन कुमार बंसल:** उपाध्यक्ष महोदय, मैं सबसे पहले यह जानकारी देना चाहता हूँ, जो मेरे पास एकदम उपलब्ध नहीं थी। इस अली केस का यहां जिक्र किया गया, जिस में स्टड फॉर्म का जिक्र था। मैं उसके बारे में माननीय सदस्यों को बताना चाहता हूँ कि उस केस में फेमा के तहत, फॉरेन एक्सचेंज मैनेजमेंट एक्ट के तहत उसे नोटिस इशू हो चुका है और आगे की कार्रवाई होती रहेगी। श्री लक्ष्मण सिंह जी ने एक सवाल उठाया है। ज्यों-ज्यों साईंस एंड टेक्नोलॉजी की तरक्की होती है ये सवाल उठते रहने चाहिए। लोगों का अगर दिमाग चलता है और वे बहुत कुछ करते हैं तो क्या हम आगे उनका मुकाबला करने के लिए कुछ कर पाते हैं या नहीं? इन्होंने जिक्र किया है कि क्या मनी-लॉडिंग का एकदम नोटिस आने का कोई ऑप्टेवर है? मुझे यह बात थोड़ी फार-फैट लगती है। मनी-लॉडिंग क्या है? मैंने इन चीजों के विस्तार में जाना नहीं चाहा। मनी-लॉडिंग वह है जैसे लॉडिंग शब्द से आता है पैसे को साफ कर लेना, जो पैसा टेनटिड है, जो किसी रंग से रंगा है,

मैं इसके साथ कालेधन का जिक्र बाद में करना चाहूंगा। जिसका किसी क्राइम, जुल्म के साथ तात्लुक है, वह पैसे को मार्किट में लाकर किसी ढंग से बदलकर, अच्छे काम के लिए दिखाना चाहता है कि यह उसका अपना बनाया हुआ है, उसके लिए इनकम टैक्स के कानून हैं जिनमें ध्यान रखा जाता है कि किसकी कितनी इनकम है। फिर रिपोर्ट देते हैं और के आधार पर रिटर्न तय करते हैं कि आपके पास जितने साधन कमाई के हैं, क्या उससे ज्यादा धन आपके पास है? इसके लिए उनके पास एक्शन लेने का अधिकार है। अगर हम यह कहें कि कहीं भी कोई मनी लॉडिंग कर रहा है, वह रिपोर्ट में आ जाएगा, मुझे बहुत ज्यादा इन्फॉर्मेशन और टेक्नोलॉजी का पता नहीं, लेकिन मैं अपनी बुद्धि के हिसाब से कह सकता हूँ और मेरी समझ में नहीं आता कि इसी से ही सब कुछ होगा। बैंकों में बहुत से सिस्टम हैं और यह दिया हुआ है कि अगर एक करोड़ से ज्यादा की ट्रंजेक्शन होगी तो रिपोर्ट देनी पड़ेगी है। इस तरह से बहुत प्रकार के सिस्टम अलग-अलग जगह हैं कि आप कितना कैश ट्रंजेक्ट करते हैं, इसकी रिपोर्ट आने देनी होती है। किसी के एकाउंट्स कहां और किस प्रकार के हैं, इसकी रिपोर्ट देनी होती है। पैसा कहां से आकर एकाउंट में जमा होता है, इसकी रिपोर्ट देनी होती है। केशिनो में कैश किसी ने कितना दिया, इसकी रिपोर्ट देनी होती है। इसे इस ढंग से कहते हैं कि हो सकता है कि वह पैसा वहां कहीं लगा हो। मैं एक बात बताना चाहता हूँ और इसका आज जिक्र नहीं हुआ है। जैम्स एंड ज्वैलरी का जिक्र पहले हुआ था कि इसमें ऐसा पैसा लग सकता है। इस बात पर बाद में विचार होता रहा है लेकिन उस ढंग से रेगुलेटिड नहीं हुआ, इसलिए इसे मुश्किल समझा गया। मैं आपको विश्वास दिलाना चाहता हूँ कि आज की एक्सरसाइज के बाद काम खत्म नहीं हो गया, यह आगे होता रहेगा। हम इस बात को महसूस करते रहेंगे और अगर इसके साथ एहतियाती कदम उठाने की जरूरत है, वह उठाते रहेंगे। यह सरकार का कर्तव्य है और सरकार इसका पालन करती रहेगी।

महोदय, चन्द्रप्पन जी ने स्विस् बैंक के बारे में कहा है। ये शायद उस वक्त नहीं थे जब मैंने इस मामले के बारे में पहले कहा था और मुझसे सवाल पूछा गया था कि वह पैसा 1.3 ट्रिलियन हो सकता है, मैं समझता हूँ कि नहीं हो सकता। कई बार यही होता है कि कहीं से एक बात निकलती है और उसकी पूरी जानकारी न होते हुए भी उसके बारे में कल्पना ज्यादा कर लेते हैं, उसे बढ़ा लेते हैं। लेकिन मैं एक बात कहना चाहता हूँ कि the Government will not gloss over this situation. The Government will view it seriously and all possible steps will be taken. Whatever is warranted, the Government would certainly do it.

**SHRI SURAVARAM SUDHAKAR REDDY (NALGONDA):** Mr. Deputy-Speaker, Sir, I would like to ask a clarification on a very important issue.

**MR. DEPUTY-SPEAKER:** The hon. Member from your party has already asked a clarification.

**SHRI SURAVARAM SUDHAKAR REDDY :** Sir, this is a very important point.

The depositing of money in Swiss Banks is being raised again and again and it has appeared in the Press now. So, I would like to know what steps the Government is taking in this regard. The hon. Minister has replied very generally. The allegation is that 1456 billion US dollars is supposed to have been deposited by Indians in Swiss Banks. According to the known rules, only if the Government asks, they will give details of the individuals who have deposited money there. This is a very serious matter. Therefore, I would request the hon. Minister to reply to this question.

**SHRI PAWAN KUMAR BANSAL:** Sir, I have the example of the German Bank where the Government has taken action. This report has appeared only two days back. I hope the hon. Members would certainly give time to the Government to proceed in the matter. Just acting on one report, you cannot end up taking the matter through diplomatic channels immediately. But I would say that the Government would never be found wanting. The Government would be second to none in pursuing these matters and whatever appropriate action is required, the Government would take it.

SHRI SURAVARAM SUDHAKAR REDDY : Sir, this is a very serious issue. ...(*Interruptions*)

MR. DEPUTY-SPEAKER: Nothing will go on record now. Please take your seat.

*(Interruptions) â€\**

MR. DEPUTY-SPEAKER: The question is:

"That the Bill further to amend the Prevention of Money-laundering Act, 2002, as passed by Rajya Sabha, be taken into consideration."

*The motion was adopted.*

MR. DEPUTY-SPEAKER: The House will now take up clause-by-clause consideration of the Bill.

The question is:

"That clauses 2 to 13 stand part of the Bill."

*The motion was adopted.*

*Clauses 2 to 13 were added to the Bill.*

*Clause 1, the Enacting Formula and the Long Title were added to the Bill.* [\[R52\]](#)

MR. DEPUTY-SPEAKER: The Minister may now move that the Bill be passed.

SHRI PAWAN KUMAR BANSAL: I beg to move:

"That the Bill be passed."

MR. DEPUTY-SPEAKER: The question is:

"That the Bill be passed."

*The motion was adopted.*

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\* Not recorded.