

'MONEY LAUNDERING A GLOBAL PROBLEM'

Relevant for: Developmental Issues | Topic: Important Aspects of Governance, Transparency & Accountability including Right to Information and Citizen Charter

The government on Wednesday informed the Supreme Court that Rs. 18,000 crore was confiscated under the Prevention of Money Laundering Act (PMLA) from fugitive businessmen Vijay Mallya, Nirav Modi and Mehul Choksi, and returned to banks.

Appearing before a Bench, Solicitor-General Tushar Mehta submitted that money laundering is a "global problem". The government said the total proceeds of crime in PMLA cases pending before the court is Rs. 67,000 crore.

Mr. Mehta said the number of PMLA cases investigated by the Enforcement Directorate (ED) has varied in five years, from 111 to 981 in 2015-16 and 2020-21, respectively.

"Very small number of cases are being taken up for investigation under the PMLA as compared to annual registration of the cases under the Money Laundering Act in the UK (7,900), the U.S. (1,532), China (4,691), Austria (1,036), Hong Kong (1,823), Belgium (1,862) and Russia (2,764)," he submitted.

He said "corruption in high offices is a major facilitator of money laundering". This is especially true in the developing world. Mr. Mehta said corruption is an "insidious player which undermines democracy". Money laundering, in turn, fuels organised crime and terrorism.

UN report

The Solicitor-General quoted a United Nations report which said the proceeds of crime being laundered amount to \$2.1 trillion, which accounts for 3.67% of the global GDP. He said three "supra-national or transnational" crimes which have brought together the global community are narcotics, money laundering and terrorism.

Mr. Mehta said the legislative intent against sharing the ECIR (Enforcement Case Information Report) with accused was to prevent them from wiping out evidence, which is anyway hard to get, with the "click of a button".

He highlighted how people accused of money laundering run to small nations with no extradition treaty with India where they can buy citizenship. He said the global tolerance to money laundering has come down. This has been evident in the increasing number of predicate offences.

The Centre was responding to a batch of petitions before the court alleging that the PMLA has evolved as the government's "hatchet" law in recent years, considering the series of raids and arrests of politicians, their relatives and activists.

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