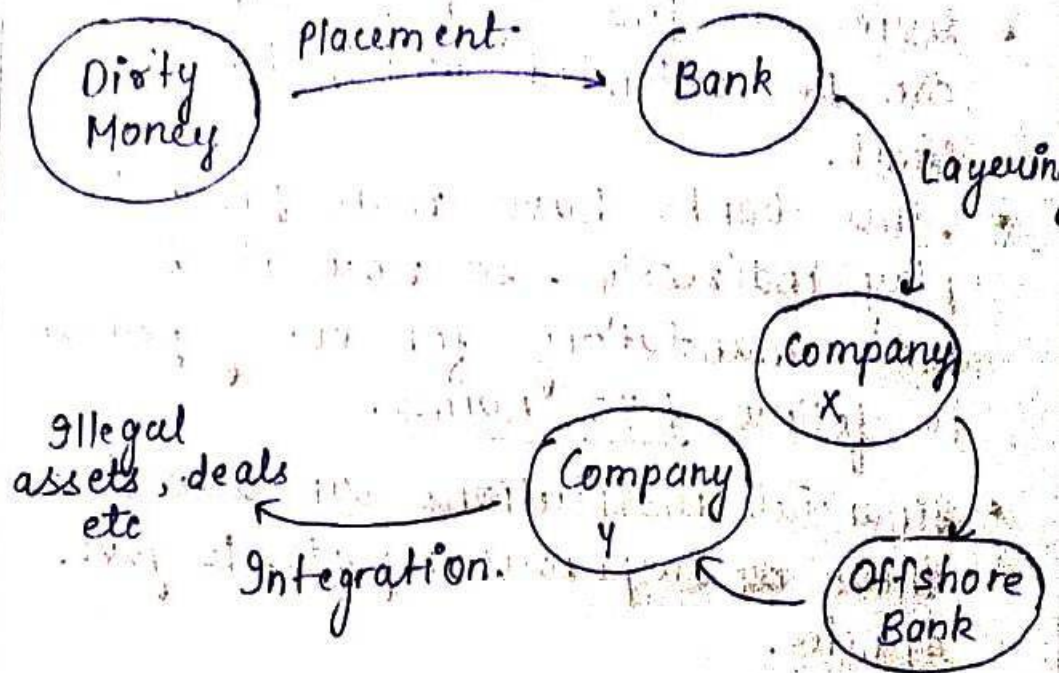


Q.1) What is Money Laundering? What are the processes involved in it? Explain. PMIA, 2002.

Q.2) Money Laundering :-

It is a process of converting black money to white money & to utilize it in various illegal processes like purchasing real estates, jewellery etc.

Process :-



The above flow chart shows the process of money laundering. It involves 3 steps -

- (a) Placement - The dirty money is placed in banks as deposit.
- (b) Layering - Banks by use of this

money provides loan to companies. Here, it should be noted that company 'X' & 'Y' belongs to same individual.

© Integration - Further, the money is then converted into white & in the name of loan from banks can be used to buy illegal assets.

Provisions of PMLA, 2002 :-

- punishment of imprisonment which shall not extend to 7 years.
- levies a fine of Rs. 5 lakh but can be extended which has no limit.
- Since banks have more role to play indirectly, so now it is made mandatory for every person to follow KYC norms.
- Financial institutions can also share their ~~re~~ suspicious reports to govt. agencies.

Therefore, ~~we~~ we can say that everyone should have keen eye to the activities going on because due to technical advancements, it can be more difficult to have a full control on it.