

ISSN: 2583-8725

Lex Scripta Journal

Quarterly Online and Print Edition

Law & Policy

“Join the League of
National & International Scholars”



EDITORIAL TEAM

DR. AJAY BHUPENDRA JAISWAL

Professor & Former Head
Department of Law
V.S.S.D. College, Nawabganj,
(C.S.J.M. University, Kanpur)

DR. MEGHA OJHA

Associate Professor | Legal Consultant
| Author | KLEF College of Law

PROF. DR. DEEVANSHU SHRIVASTAVA

Founding Dean and Professor,
GL Bajaj Institute of Law,
Greater Noida

DR. GAURAV GUPTA

Assistant Professor,
Faculty of Law, Lucknow

MR. TUHIN MUKHARJEE

Leadership Strategist | Business Coach
| Author | Speaker

MR. PRAKARSH PANDEY

Author and
Advocate, Allahabad High Court

MR. AMARESH PATEL

Assistant Professor
at Law School,
Amity University, Patna



**LEX SCRIPTA MAGAZINE OF
LAW AND POLICY (VOL-4, ISSUE-1)**

Copyright © 2025, LexScripta

ISSN-2583-8725

Vol - IV, Issue - I

Published by INTEGRITY EDUCATION INDIA

New Delhi

First Floor, 4598/12-B, 1st Floor,
Padam Chand Marg, Daryaganj,
New Delhi, Delhi 110002

Phone: +91 98 11 66 62 16 (M)

Phone: +91 70 11 60 56 18 (M)

Bengaluru

Jallahalli East

Bengaluru, Karnataka. India.

Phone: +91 98 11 66 62 16 (M)

Email: publisher.integrity@gmail.com

USA

New Jersey

14 Grandview Ave, Upper Saddle River,
NJ-07458, USA

Phone: +14805226504 (M)

London

37 Degree Media

64, Hodder Drive, Perivale, London UB68LL.
United Kingdom.

Phone: +44 7950 78 18 17 (M)

Website: integrityeducation.co.in

© Lex Scripta Magazine Of Law And Policy, 2025

Disclaimer

All Copyrights are reserved with the Authors. But, however, the Authors have granted to the Journal (Lex Scripta Magazine of Law and Policy), an irrevocable, non-exclusive, royalty-free and transferable license to publish, reproduce, store, transmit, display and distribute it in the Journal or books or in any form and all other media, retrieval systems and other formats now or hereafter known. No part of this publication may be reproduced, stored, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior permission of the publisher, except in the case of brief quotations embodied in critical reviews and certain other non-commercial uses permitted by copyright law.

The Editorial Team of Lex Scripta Magazine of Law and Policy Issues holds the copyright to all articles contributed to this publication. The views expressed in this publication are purely personal opinions of the authors and do not necessarily reflect the views of the Editorial Team of Lex Scripta Magazine of Law and Policy.

[© Lex Scripta Magazine of Law and Policy. Any unauthorized use, circulation or reproduction shall attract suitable action under application law.]

For any Query / Feedback
Phone: +91 98 11 66 62 16 (Vineet Sharma)

Printed in India @ New Delhi

ISSN: 2583-8725

Lex Scripta Journal

Quarterly Online and Print Edition

Law & Policy

"Join the League of National
and International Scholars"



Lex Scripta Journal

Evaluating the Effectiveness of the Prevention of Money Laundering Act (PMLA) in Combating White-Collar Crimes in India

Author
Mahir Goel



Evaluating the Effectiveness of the Prevention of Money Laundering Act (PMLA) in Combating White-Collar Crimes in India

Mahir Goel

Amity University Noida

Abstract

The rise of white-collar crimes in India, characterized by financial fraud, corruption, and illicit economic activities, has posed significant challenges to the integrity of the financial system and governance structures. This study critically examines the effectiveness of the Prevention of Money Laundering Act, 2002 (PMLA) as a key legal instrument in combating money laundering and associated white-collar offences. The research analyses the statutory framework, enforcement mechanisms, and institutional roles of agencies such as the Enforcement Directorate in investigation, attachment, and prosecution of proceeds of crime. It further evaluates judicial interpretations, including landmark rulings like Vijay Madanlal Choudhary v. Union of India, which have shaped the contours of PMLA's application.

The study identifies both strengths and limitations of the Act, highlighting its robust provisions for asset tracing, stringent bail conditions, and wide investigative powers, which contribute to deterrence and effective enforcement. However, concerns relating to procedural fairness, prolonged investigations, low conviction rates, and potential misuse of authority raise critical questions about its overall efficacy. The research also situates the Indian framework within global anti-money laundering standards and emphasizes the need for balancing enforcement with protection of fundamental rights. It concludes that while the PMLA has significantly strengthened India's response to white-collar crimes, its effectiveness depends on improved transparency, judicial oversight, capacity-building of enforcement agencies, and harmonization with international best practices.

Keywords

Money Laundering, PMLA, White-Collar Crime, Enforcement Directorate, Financial Crime, Proceeds of Crime, Economic Offences, Regulatory Framework, Criminal Justice System, India.

Background of the Study

With the modernization of the economy, financial systems have become more intricate, interlinked, and prone to being used by criminals who seek to engage in financial malpractices for personal gain. The worst forms of financial crimes that affect countries' economic systems and governing structures include money laundering, which refers to the process of covering up the criminal source of money earned through illegal practices. Through money laundering, the perpetrator is able to channel his illicitly earned resources into the formal financial system in an effort to make the funds legitimate.¹

Proceeds from crimes associated with white-collar offences, carried out by people who occupy influential and respectable positions, serve as a vital means for generating funds that are then laundered. These crimes include bribery, fraud, embezzlement, financial impropriety, tax fraud, securities fraud, and various kinds of economic offences that have far-reaching impacts on both the economy and society as a whole. In contrast to common crimes, white-collar offences are characterised by their complexity, being carried out across international boundaries and concealed within legitimate business dealings. In addition to providing gains for the perpetrators, they also help perpetuate illegal activities.

The problem of money laundering became especially pronounced in India with economic liberalisation, initiated during the early 1990s.² Although economic liberalization helped in speeding up growth, it made it easier for money laundering to take place owing to the presence of weaknesses in the system which were easily exploited by offenders. The non-existence of adequate laws regarding money laundering at this time reduced the ability of the agencies dealing with law enforcement in tracing and seizing the profits earned through criminal acts.

The introduction of the Prevention of Money Laundering Act, 2002 became a major step forward.³ Introduction of this Act was done to meet the commitments of India towards the international community, especially in view of the FATF guidelines, as well as to develop a special legal framework for combating the menace of money laundering and seizure of proceeds of crime. While traditional laws on crimes aim to punish offenders, the PMLA takes a more proactive stance against money laundering as it seeks to attach and confiscate assets.

Concept of Money Laundering

Money laundering is a term used to describe the act of converting money obtained illegally into money that seems to come from legal sources. The above-mentioned definition forms the very crux of money laundering and is recognized the world over as a basis for anti-money laundering regulations such as the Indian Prevention of Money Laundering Act 2002.⁴

Fundamentally, the money laundering operation involves three traditional phases: placement, layering, and integration. During the first phase of money laundering, dirty money is put into circulation via banking means such as bank deposits and wiring. Layering follows this stage, where money becomes difficult to trace due to complex financial operations carried out by the launderer. Finally, in the integration stage, laundered money is reinserted into the legal market via investments in real estate, luxury products, legitimate business ventures, or even financial markets. This makes it seem like money originated from legitimate sources. These three

¹ Melvin D. Ayogu & Folarin Gbadebo-Smith, "Governance and Illicit Financial Flows" in *Capital Flight from Africa: Causes, Effects and Policy Issues* (2014).

² Shreeya Kashyap, *The Drivers and Dynamics of Money Laundering Mechanisms: The Case of India* (LL.M. Dissertation, City, University of London, 2021).

³ Vijay Kumar Singh, "Controlling Money Laundering in India – Problems and Perspectives," Paper presented at the 11th Annual Conference on Money and Finance in the Indian Economy (2009).

⁴ Abhishek Gupta, Dwijendra Nath Dwivedi & Jigar Shah, "Overview of Money Laundering" in *Artificial Intelligence Applications in Banking and Financial Services: Anti Money Laundering and Compliance* 1–11 (Springer Nature Singapore, Singapore, 2023).

traditional phases have been repeatedly confirmed as part of the structure of money laundering in academic as well as regulatory studies.

The extent of money laundering on the international scale highlights the impact it has on economies and financial institutions around the world. It is estimated that anywhere between 2% and 5% of total global GDP is laundered annually. This translates to hundreds of billions – if not trillions – of dirty dollars being circulated in the legitimate market every year.⁵

The term “money laundering” was historically linked to activities related to the trade of illicit drugs, organised crimes, fraudulent activities, and corruption. Nevertheless, the development of new criminal typologies led to a broader interpretation of money laundering and expanded its meaning beyond the classic three-stage process.

Evolution of Anti-Money Laundering Laws in India

The development of anti-money laundering regulations in India is indicative of the realization, on the part of the country, that economic offenses constitute a major threat to financial stability and governance. Over a long period, criminal law in India had dealt indirectly with the issue of proceeds from crime under various penal codes including the Indian Penal Code, 1860, where crimes like cheating, forgery, and bribery were defined.⁶ However, while these provisions ensured that sanctions could be imposed against offenders, they failed to establish a comprehensive legal procedure to track and seize assets generated via illegal activities. Due to this lacuna, criminals often managed to keep the illicit gains intact.

The demand for an effective anti-money laundering regime gained significance in the liberalised period of the 1990s. With the adoption of market-oriented policies, the country witnessed an inflow of foreign capital, and expansion of the banking sector in terms of financial operations and business. Although these changes contributed positively to the economic development of the nation, they also revealed loopholes in the enforcement regime due to which several instances of fraudulent activities took place.

Another reason which prompted India to introduce an anti-money laundering law is the country’s interaction with the global community. India, being an active member of the United Nations Organisation and one of the signatories to international conventions such as the UN Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic Substances, 1988, India was under an obligation to prevent and punish offences related to money laundering and asset confiscation. In addition, the creation of the Financial Action Task Force (FATF) and the formulation of FATF standards had a substantial effect on the legislation of many countries, including that of India. Even before becoming a member of FATF in 2010, India’s legislative practices were largely influenced by the FATF.⁷

Legislative History and Objectives of PMLA

The enactment of the Prevention of Money Laundering Act, 2002 marks a significant departure in the way India combats economic offences through legislation. Before the enactment of the anti-money laundering act, there was no specific legislation dealing with money laundering and related offences. The absence of such a specific piece of legislation meant that any criminal activity of an economic nature could be tackled either under general penal provisions such as those available in the Indian Penal Code, 1860 and other specialised regulatory legislations such as the Prevention of Corruption Act, 1988. Nevertheless, there was no legal provision

⁵ Vandana Ajay Kumar, “Money Laundering: Concept, Significance and Its Impact” (2012) 4(2) *European Journal of Business and Management*.

⁶ Anselem Chinweike Ozioko, “Evolution of Anti-Money Laundering Laws: A Comparative Study” (2024) 6(1) *Multi-Disciplinary Research and Development Journals International* 1–27.

⁷ Zmarialy Yousufi & P. N. Harikumar, “An Overview of Anti-Money Laundering Practice in the Indian Financial System” (2023) 3(3) *i-Manager’s Journal on Economics & Commerce* 33.

dealing comprehensively with the problem of detection, tracing, and confiscation of property derived from these offences.⁸

The legislative process leading to the enactment of the PMLA began with the introduction of the Prevention of Money Laundering Bill in Parliament in 1999. The Bill was subjected to extensive debate, particularly with regard to the scope of enforcement powers, safeguards for individual liberty, and compatibility with constitutional principles. Following consultations, the Prevention of Money Laundering Act was enacted in 2002; however, it came into effect through phases, with the major provisions being operative from 2005 onwards. This delay in implementation was due to several reasons, including the need for administrative preparation and the difficulties associated with the creation of a unique institutional structure for the law.

The Prevention of Money Laundering Act aims to prevent money laundering activities and to ensure the confiscation of any property which is related to or generated from money laundering. In contrast to conventional criminal laws, which concentrate mainly on penalising offenders, the Prevention of Money Laundering Act focuses on prevention and deterrence by denying the offenders any economic gain resulting from criminal activities.⁹

One of the objectives of the PMLA is the establishment of an enforcement and adjudicatory mechanism. The Act provides for the designation of agencies that can be entrusted with the investigation of money laundering cases, provisional attachment of property involved in any money laundering case, and the adjudication of the attachment. Special Courts are provided for hearing the money laundering cases under the PMLA.

An important objective of the PMLA is the regulation of financial systems.¹⁰ The Act ensures the use of financial channels does not get misused by imposing certain obligations on the reporting entity including the banks and financial institutions. The act also requires the maintenance of records and reporting of suspicious transactions to increase transparency and early detection of money laundering.

Role of Pmla in Tackling White-Collar Crimes

PMLA as a Tool for Combating Economic Offences

The Prevention of Money Laundering Act of 2002 (PMLA) is a paradigm change in the Indian legislation in regard to economic offences and white-collar crimes. Whereas all other penal laws are designed in such a way that they only impose punishment for the criminal offense committed, the PMLA takes a preventive and deterrent measure by going straight to the source, that is, undermining the economic base of the crime. It does this through tackling the "proceeds of crime" rather than the perpetrator of the crime itself.¹¹

Economic crimes can be distinguished by their potential for generating substantial financial benefits, the secrecy of their execution, and late detection. Traditional frameworks in criminal law, such as the Indian Penal Code and the Code of Criminal Procedure, have been found insufficient in dealing with these offenses because of their concern with actions performed physically and with personal liability. In contrast, the PMLA considers money laundering as an offense by itself, separate from the committing of the scheduled predicate offense. Hence,

⁸ Apoorv Negi, "The Role of Law Enforcement Agencies in Combating White-Collar Crime in India and the Effectiveness of the Indian Legal System in Prosecuting White-Collar Criminals."

⁹ Bijay Agarwal, "Decoding Money Laundering: A Comprehensive Analysis of India's Regulatory Framework" (2025) *Indian Journal of Legal Review*.

¹⁰ Monika Jain, "Money Laundering in India: A Multi-Dimensional Advent" (2023) 2(2) *Justice and Law Bulletin* 51-60.

¹¹ Shivani Meena, "The Interconnected Roles of PMLA, 2002 and FATF: Combating Laundering of Money & Countering Capitalizing the Terrorism" (2023) 6(5) *International Journal of Law Management & Humanities* 1393.

legal action can be taken while the trial for the primary crime is still ongoing, which would deter offenders from dissipating their illicit assets.

An important feature of the PMLA is that it provides for the provisional attachment and confiscation of property obtained through illegal activities. This ensures that any proceeds gained through money laundering will be attached immediately, which could impair the economic standing of offenders at the very beginning of the investigation. This characteristic is essential for white-collar crimes, wherein offenders use their financial means to stall investigations and manipulate the process.¹²

Moreover, the Act grants enforcement authorities increased investigation powers of search, seizure, arrest, and summonses that go beyond the scope of those under the ambit of general criminal laws. Such investigation powers highlight the legislative awareness of the fact that economic crimes are complex and often require investigative actions that go beyond general criminal laws. Although these increased powers have been a matter of controversy owing to the possibility of abuse, their presence indicates the State's resolve to fight financial crimes.

One other significant characteristic of the Act as an anti-economic crime tool is its adherence to internationally accepted anti-money laundering norms as defined by the Financial Action Task Force. The Act allows for cooperation between countries through sharing of information and legal assistance, thereby ensuring the efficient tackling of financial crimes with a transnational nature, which include white-collar crimes with off-shore accounts and tax heavens.

In addition, the PMLA has preventive measures built into it. By placing obligations on banks and other institutions and designated non-financial business sectors through customer due diligence and other measures, the Act has preventive features in its scope. The regulatory aspect thus makes the entire framework more effective in terms of controlling the economic crime.

Nonetheless, the efficacy of the PMLA in tackling the problem of economic crime should not be judged simply in light of its strict laws. The existence of other problems like poor conviction records, prolonged trials, and constitutional hurdles has led to doubts as far as the efficacy of enforcement is concerned. In spite of these drawbacks, however, the PMLA has proved to be a very strong piece of legislation that marks a clear break from the past in terms of tackling the menace of economic crimes.¹³

Hence, the PMLA is not just a criminal law, but an economic law, which targets the criminals in order to ensure that they do not profit from the gains of their criminal behavior. In this regard, dealing with white-collar crimes using the PMLA means that it should be analyzed with the consideration of prevention and deterrence.

Attachment and Confiscation as Deterrent Measures

The two enforcement tools of the Prevention of Money Laundering Act, 2002, which can be described as attachment and seizure of assets, form the very foundation of the legislation, and this is the greatest contribution of the law to the battle against white-collar crimes. Contrary to the conventional methods of punishing criminals by imposing a jail term or fine, the PMLA follows a method of taking away their gains from the crime based on the assumption that money-making offenses are not committed out of rage or passion but for economic gains.¹⁴

¹² Tejas Kandalgaonkar, "Attachment of Unsecured and Secured Properties of the Corporate Debtor: A Tussle between PMLA & IBC" (2023) 6 *Journal on Governance* 54.

¹³ Harshita Dudiya, "A Comprehensive Analysis of the Prevention of Money Laundering Act, 2002 in Safeguarding Financial Integrity" (2023) 4 *Jus Corpus Law Journal* 916.

¹⁴ K. Varunkarthick, "Attachment of Assets by Enforcement Directorate during the Liquidation Phase of Insolvency Proceedings in India: An Analysis" (2022) 5(5) *International Journal of Law Management & Humanities* 389.

The power of provisional attachment of property under the PMLA allows the Enforcement Directorate to freeze any assets believed to have been used in money laundering even at the initial stages of investigation. Such a power is preventive in nature, and it ensures that the fruits of crime are not hidden, transferred or dissipated while legal processes are ongoing. Early attachment of assets in white-collar crime is essential because the offenders normally have vast financial resources to enable them to transfer their assets out of reach. Early attachment thus acts as a powerful deterrent.

The confiscation of the offenders' property after confirmation of money laundering cases leads to a complete stripping away of the ill-gotten gains. This is unlike penalties where offenders pay some amount of money as part of the costs of their business practices. Such penalties may be seen by the offenders as normal operating expenses. Confiscation, however, works best especially in cases of fraud, corruption, and corporate misbehavior. In such cases, the offenders stand to lose all the ill-gotten wealth.¹⁵

The judicial interpretation of these aspects has continuously upheld the fact that attachment and confiscation laws were aimed at preventing crime and creating deterrence. The courts have also highlighted the fact that such laws were necessary for ensuring the security of the financial system from any harm to its integrity, in addition to preventing criminals from legitimising their ill-gotten gains. In this regard, judicial scrutiny has ensured that proper procedures are followed to prevent any arbitrary application of such measures, including appeal and adjudication by a neutral party.

On the part of the policy-maker, attachment and confiscation laws can be said to be important for society, since white-collar crimes lead to erosion of faith in the rule of law. In such cases, effective asset recovery in the form of confiscation and attachment under the PMLA ensures that offenders can be held responsible regardless of who they are or what kind of influence they may wield in society.¹⁶

There are, however, criticisms of the appropriateness and possible misuse of the power to attach, especially if the predicate offense case drags on or comes to no conclusion. It is claimed that an extended period of attachment without a determination by the court could bring great financial difficulty. Such criticisms underscore the importance of prudence in the use of the powers rather than jeopardizing the principle behind the measure.¹⁷

In summary, the concept of attachment and confiscation under the PMLA serves as an effective tool of deterrence because crime must not pay. Through its focus on economic incapacitation rather than punishment alone, the law acknowledges the distinctive characteristics of economic crimes and enhances India's ability to deal with such offenses.

Coordination between Enforcement Agencies

Effectiveness of the PMLA, 2002 is highly dependent on effective collaboration between various investigative, regulatory, and intelligence organizations. White collar offenses tend to be complicated by nature, involving intricate finances, corporations, cross border movement of funds, and multiple violations. One organization is neither capable nor empowered to handle all aspects of such an offense individually. Thus, effective collaboration of several agencies becomes an essential element for effectiveness of the law in fighting economic crimes.¹⁸

¹⁵ Peter Alldridge, *Money Laundering Law: Forfeiture, Confiscation, Civil Recovery, Criminal Laundering and Taxation of the Proceeds of Crime* (Bloomsbury Publishing, 2003).

¹⁶ Anja Mühr & Chandra Lekha Sriram, "Rule of Law, Security and Transitional Justice in Fragile and Conflict-Affected Societies" in *Just Security in an Undergoverned World* 118–140 (2015).

¹⁷ Ronald J. Daniels & Michael Trebilcock, "The Political Economy of Rule of Law Reform in Developing Countries" (2004) 26 *Michigan Journal of International Law* 99.

¹⁸ Muhammad Usman Kemal, "Anti-Money Laundering Regulations and Its Effectiveness" (2014) 17(4) *Journal of Money Laundering Control* 416–427.

The Enforcement Directorate is primarily concerned with the investigation of cases of PMLA. Nonetheless, the ED's jurisdiction to act on matters covered by PMLA is dependent on the existence of predicate offences, which are investigated by various agencies like the Central Bureau of Investigation, State Police, Income Tax Department, Serious Fraud Investigation Office, and customs officials. In view of the above discussion, the effectiveness of any PMLA matter would depend on the efficiency, competence, and success of these agencies investigating the predicate offences. Failure in the predicate stage can have dire consequences, including failure to secure a confirmation of attachment or confiscation order.

Financial Intelligence Unit-India is extremely significant in terms of ensuring that there is effective coordination through its function as a central repository of financial intelligence. FIU collects information from reporting entities in the form of suspicious transactions reports, cash transactions reports, and others, and analyzes the same to facilitate detection of the network being used to launder money. Dissemination of this information by the FIU to the ED, tax authorities, and law enforcement agencies aids in the process of early detection without having to resort to post facto investigations.¹⁹

The concept of coordination is also apparent in investigations and information exchange in economically valuable and politically sensitive economic offense cases. Memorandums of understanding, task forces, and inter-departmental committees have been used to solve issues arising from jurisdictional conflicts and to enhance coordination among various agencies. Coordination becomes critical especially in corporate fraud cases, banking scam cases, and cross-border laundering schemes where there may be parallel prosecutions under several statutes.

However, despite the existence of such measures, there remain many challenges that hinder efficient coordination. Some of the common problems include jurisdictional conflict, agency siloing, differences in enforcement priorities, and concerns over information security. Also, the difference in standards of evidence and procedural differences between agencies may pose further difficulties when pursuing money laundering prosecutions. Lack of an investigation plan may create redundancy or leave loopholes that are exploited by offenders.

Various judicial comments have continually pointed out the need for coordination in economic offenses cases. Courts have stressed that for a successful prosecution under PMLA, there should be perfect cooperation between predicate offense investigators and those investigating the laundering offense. On the other hand, there have been calls to exercise caution on overlapping powers and their possible abuse.

In summary, inter-agency coordination serves as the foundation through which the implementation of the PMLA can be achieved. Although there are various systems within institutions that promote cooperation, they are only effective when there is continuous flow of information, process alignment, and institutional trust. In essence, coordination between investigative and regulatory bodies is vital if the PMLA is to serve its purpose effectively.²⁰

¹⁹ Chat Le Nguyen, "Towards the Effective ASEAN Mutual Legal Assistance in Combating Money Laundering" (2012) 15(4) *Journal of Money Laundering Control* 383–395.

²⁰ Stephen Schneider, "Privatizing Economic Crime Enforcement: Exploring the Role of Private Sector Investigative Agencies in Combating Money Laundering" (2006) 16(3) *Policing & Society* 285–312.

4.4 Application of PMLA in Major Economic Offence Cases

The effectiveness of the Prevention of Money Laundering Act, 2002, in dealing with cases of white-collar crime may be determined by how it has been applied in cases concerning serious economic offenses. In the last decade, the Act has been frequently used to deal with cases of huge financial frauds and corporate scandals.²¹ The increasing reliance on the PMLA demonstrates the change of approach in enforcement tactics from traditional prosecution to asset-based crime control involving the identification, attachment, and forfeiture of the proceeds of crime.

In many high-profile economic crime cases, the Enforcement Directorate has used the provisions of the PMLA to attach properties and assets which are claimed to be proceeds of criminal activity. In most of these cases, there has been the involvement of shell companies, benami deals, layers of banking transactions, and even cross-border movement of funds. The PMLA has helped the investigating authorities look beyond the crime and investigate the entire process of laundering to understand the motivations behind these white-collar crimes. The process of attachment of assets has been made much earlier in the investigation process in line with the preventive purpose of the law.

Cases of fraud committed by banks and other financial organizations which integrate their illicit profits into legitimate business operations have seen the active participation of the PMLA provisions. The possibility of proceeding in tandem with the PMLA has helped improve the State's prospects of recovering the proceeds even when the criminal prosecution of the underlying offences is ongoing.

Another prominent field of application concerns the offences of corruption, especially those involving public officials and politically exposed persons. The use of the PMLA in such instances has generated widespread debate on matters of selective prosecution and political neutrality. Yet, from the legal point of view, these cases indicate the wide-ranging ambit of the PMLA and its potential for dealing with money laundering offenses that arise out of abuses of public office and state funds.

In spite of its many applications, however, the use of the PMLA in cases of economic crimes has also thrown up some drawbacks.²² Although provisional attachment orders may be made quite often, confirmations by adjudicating authorities and eventual seizures of assets in cases where defendants are found guilty are rare events. The extended duration of adjudication process, violations of procedural standards, and delays in hearing cases of predicate offences contributed to negative outcomes in some cases. In this regard, one can note that the coercive powers established by the PMLA have been used extensively, but the achievements in the form of convictions and asset seizures have been comparatively low.

The attitude of courts towards the provisions introduced by the PMLA has also been an important factor influencing the implementation of the law in practice. The judicial practice showed that the broad discretionary power conferred by the legislation could be used provided that procedures for compliance with certain statutory guarantees were followed.

All in all, the implementation of the PMLA in cases of economic crimes is characterized by advantages and disadvantages. The Act appears to be a useful mechanism aimed at destroying the basis of financial transactions related to the offences. However, in order to enhance the effectiveness of the enforcement efforts, proper and prompt adjudication and prosecution should be ensured.

²¹ G. S. Bajpai & Garima Pal, "Absence of Period of Limitation in India's Prevention of Money Laundering Act, 2002: Analysing Its Impact on Legal Certainty and Fundamental Rights" (2025) 1 *Journal of Illicit Trade, Financial Crime, and Compliance* 27–36.

²² Ganesh Chandran, "A Comparison of Punishment under the PMLA Act with the Japanese Legal System: Evaluating the Link between High Conviction Rates and Unfair Means of Prosecution" (2024) 7(2) *International Journal of Law Management & Humanities* 2843.

Politically Sensitive Cases and Public Accountability

The use of the Prevention of Money Laundering Act, 2002 in politically charged situations has remained among the most controversial facets of its implementation. Over the past few years, the PMLA has come to be used more frequently in cases where political figures, public personalities, and people who hold prominent positions are involved. While this practice highlights the extensive reach of the PMLA and how effectively it can deal with high-profile economic crimes, it also poses several pertinent issues related to accountability, neutrality, and legalism.²³

The PMLA does not differentiate between political figures and non-political figures from the legal perspective. Thus, the law equally regulates all people who are connected with money laundering and related to scheduled offences. In this regard, the application of the law to politically exposed persons can be perceived as an illustration of equality before the law. The procedure of asset attachment, investigation and prosecution of powerful figures may help to restore citizens' faith in the law through its implementation in order to fight corruption.

Nonetheless, the issue of the enforcement of the PMLA in politically sensitive cases raises certain issues that are associated with possible selective application of the statute and its misuse for political gains. Thus, accusations of selective application of the law, conducting investigations before elections and applying excessive measures of asset attachment and detention while not providing quick decisions about trial are among the most widespread issues in the case of a very rigid statute, including provisions like reverse burden of proof.²⁴

It has been an important aspect through which the balance between effective enforcement and accountability has evolved. The judiciary has recognised the need for strong laws to address the menace of money laundering, particularly those dealing with high-level corruption. Simultaneously, they have insisted upon the need for constitutional propriety in the functioning of enforcement agencies in terms of their actions being principled, transparent, and proportional. The process of judicially examining arrests, attachments, and grants of bail is one such check.

Transparency and proper procedure will be necessary to preserve the credibility of the PMLA investigations in politically sensitive cases. Timely communication of the rationale for attachment orders, as well as prompt decisions through the process, will be necessary to establish the legitimacy of their action. Failure to do so will raise doubts about misuse of the law.²⁵

Finally, politically motivated cases under the PMLA have their own unique and challenging position within the law and constitution. The law has all the necessary provisions to combat money laundering related to political corruption; however, its integrity depends entirely upon how effectively the law can be enforced. In this regard, the importance of using the PMLA for its true purpose and as an effective law cannot be denied.

²³ Michael Levi, "Political Autonomy, Accountability and Efficiency in the Prosecution of Serious White-Collar Crimes" in *European Developments in Corporate Criminal Liability* 189–205 (James Gobert & Ana-Maria Pascal eds, Routledge, London & New York, 2011).

²⁴ Aneel Sagar, "The Concept of White-Collar Crime: Nature, Causes, Political and Legal Aspects in Accountability and Way Forward" (2019) 26 *Journal of Political Studies* 149.

²⁵ Mirjana Dokmanović, "Corruption as a 'White-Collar Crime': International Legal Instruments on Public Accountability of Public Officials" (2009) 12(4) *Temida* 7–28.

Assessment of Enforcement Trends under PMLA

A review of the enforcement trends in the Prevention of Money Laundering Act, 2002 (PMLA) indicates a marked change in the Indian legal landscape in its fight against white-collar and economic crimes. In the past few years, the role of the PMLA as an effective tool for dealing with financial crimes has grown exponentially from its position as an understated law. The enforcement trends, however, point to both successes and shortcomings in its implementation and efficacy.²⁶

Another important trend that emerges from these data is the increasing importance placed on the use of asset attachment as a key method of enforcement. The practice of provisional asset attachment has allowed law enforcement to stop the dissipation of assets suspected to be the proceeds of crime during the preliminary investigation process. From a prevention perspective, such a practice conforms to the aims of the Prevention of Money Laundering Act. The heavy reliance on asset attachment and subsequent lengthy adjudication has been problematic in terms of the issue of proportionality and due process.²⁷

Another important development has been the increasing investigative powers being used by the Enforcement Directorate. Increased powers of arrest, search, and seizure have improved the efficiency of the body in tracking complicated laundering systems. However, there are concerns about accountability and the level of transparency in the exercise of these powers. The low conviction rates associated with cases investigated and prosecuted under the PMLA, relative to the number of investigations carried out, indicate difficulties in prosecuting laundered assets. The delay in the trial of the predicate offence further complicates matters because money laundering prosecutions depend on the results of scheduled offence cases.

Judicial decisions have had a considerable effect on enforcement developments. The judiciary has generally supported the constitutional legitimacy of the PMLA, but it has helped define the boundaries of the law. For instance, judicial rulings have established bail practice, standards for evidence gathering, and reverse burden clauses. Judicial pronouncements in these matters have offered guidance on enforcing the law, but they have also highlighted the conflicting objectives of crime prevention and individual rights.²⁸

Enforcement of the PMLA in politically sensitive and prominent cases has also helped in shaping the public perception about the Act. While the legislation is supposed to be implemented in an identical manner, enforcement patterns have resulted in arguments that there is selectivity and lack of neutrality in such proceedings. Whatever the truth of such perceptions may be, they affect the legitimacy of the process.

Finally, enforcement trends with respect to the PMLA reveal a definite institutional determination to fight money laundering and other white-collar crimes.²⁹ But the efficacy of the Act should not just be judged in terms of how often attachments are made or whether or not there are investigations. For a more sustainable form of efficacy, prompt adjudication, conviction, enforcement, and due process must all take place. Otherwise, the PMLA will be viewed as a coercive instrument rather than a resolution for economic crime.

²⁶ Vijaykumar Shrikrushna Chowbe, "Redefining the Fight Against White Collar Crime: A Moral and Value-Centric Perspective" (2024) *SSRN* 4761381.

²⁷ Neha Singh Ranpuria, "Challenges in the Enforcement of Financial Fraud and White-Collar Crime Laws: A Comparative Perspective on India and Sri Lanka."

²⁸ Rishik Elias Menon, "From Crime Prevention to Norm Compliance: Anti-Money Laundering (AML) Policy Adoption in Singapore from 1989–2021" (2023) 26(1) *Journal of Money Laundering Control* 69–92.

²⁹ Narender Kumar, "Examining Money Laundering Practices through a Legal Perspective: Scrutiny under the ED's Oversight" (2024) 1(1) *International Journal for Public Policy, Law and Development* 22–31.

EDITORIAL TEAM

PROF. (DR.) BANSHI DHAR SINGH

Professor,
Ex. Dean & Head,
Faculty of Law,
University of Lucknow

DR. KALPESHKUMAR L GUPTA

Founder ProBono India, Legal Start-ups,
Law Teachers India

DR. SUDHANSHU CHANDRA

Assistant Professor, Manuu Law
School, Maulana Azad National Urdu
University (Central University),
Hyderabad

PROF. (DR.) SANJAY SINGH

Director
of IIMT College of Law

INTERNATIONAL EDITORIAL TEAM

PROF. DR. MARC OLIVER OPRESNIK

President and CEO
Opresnik Management Consulting
and Opresnik Business School

*PROF. DR . COMRADE AMB.
CHUKWUNONSO C
HARLES OFODUM ESQ*

Chancellor, ALSA University.
Legal Director for Nigeria, World
Association for Humanitarian Doctors

ABOUT LEX SCRIPTA JOURNAL

Lex Scripta Magazine is a premier peer-reviewed online and print journal dedicated to advancing scholarly research in law, policy, and social sciences. With the vision of promoting academic excellence and fostering a culture of intellectual exchange, the magazine provides a distinguished platform for academicians, researchers, legal professionals, and students to publish their original work and contribute to contemporary legal discourse.

Each submission undergoes a rigorous double-blind review process conducted by a panel of eminent national and international professors, ensuring the highest standards of quality and academic integrity. Lex Scripta not only encourages original and innovative research but also strives to bridge the gap between theoretical insights and real-world applications in the legal domain.

Contributors and editorial members receive global recognition through certificates and publication opportunities, while readers gain access to insightful, authoritative, and thought-provoking content across diverse areas of law and policy.

Now managed by Integrity Education India, Lex Scripta Magazine is committed to expanding its academic footprint through enhanced digital presence, global collaborations, and university partnerships. Upholding its ISSN identity, Lex Scripta continues to evolve as one of India's most trusted and respected journals in the field of legal research and education.

KEY FEATURES

- | **Scholarly Insights** – Access in-depth, peer-reviewed research articles written by distinguished academicians and legal experts.
- | **Global Perspectives** – Explore diverse viewpoints on law, policy, and governance from national and international scholars.
- | **Authentic Content** – Read verified and academically sound articles that uphold the highest standards of research quality.
- | **Knowledge Enhancement** – Stay updated with emerging trends, case studies, and policy developments across multiple legal domains.
- | **Easy Accessibility** – Enjoy seamless access to online editions and exclusive hardcover issues for academic and professional use.



CONNECT WITH US **9811 666 216**
7011 605 618

