

Most people think of money-laundering as something done by drug smugglers in sun-soaked tax havens. That's how the Prevention of Money Laundering Act, 2002 (PMLA) started out. But over the last two decades, it has morphed into something that we all need to be afraid of. How so?

PMLA covers offences listed in a schedule. One of the scheduled offences is criminal conspiracy (sec. 120B of Indian Penal Code). Criminal conspiracy means any plan to break a law. This charge can be extended to almost any offence, including those under FCRA. Secondly, there is no monetary floor for most of these - the smallest offence can also be brought under PMLA.

Therefore, if an NGO, corporate foundation, office bearers, donors, advisers, or bankers decide to bypass FCRA, they could be guilty of criminal conspiracy for laundering of foreign contribution. Any money or assets that are directly or indirectly connected with the violation are treated as 'proceeds of crime' and can be seized without notice.

References:

1. <https://www.thehindu.com/news/national/ec-probes-lobbyist-ngo-for-fcra-violations/article23970962.ece>
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3. <https://www.newindianexpress.com/states/kerala/2021/feb/24/santhosh-eapen-booked-for-money-laundering-by-ed-2268094.html>
4. FCRA: Foreign Contribution (Regulation Act), 2010. See www.fcra2010.in for more