

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4594
ANSWERED ON:23.12.2005
REPORTING SYSTEM
Nikhil Kumar Shri

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government proposes to prescribe new reporting systems for banks for suspicious transactions or transactions of more than Rs. 10 lakh;
- (b) if so, the details thereof;
- (c) the extent to which the new reporting system for banks would track money laundering;
- (d) whether black money would be unearthed by this new reporting system; and
- (e) if so, the details thereof ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a)&(b):- Under the Prevention of Money Laundering Act (PMLA), 2002, banks are required to report certain types of transactions to Financial Intelligence Unit-India (FIU-IND). These include cash transactions of value more than Rs. 10 lakh and all suspicious transactions. The Act also mandates that RBI may advise banks on the format for reporting. Reserve Bank of India is in the process of finalizing the reporting format in consultation with FIU-IND.

(c), (d) & (e):- Reserve Bank has not prescribed new reporting system for banks in respect of suspicious transactions or transactions of more than Rs. 10 lakh. Banks have already been advised by Reserve Bank to put in place a system of reporting cash deposits and withdrawals of Rs. 10 lakh and above, as well as transactions of suspicious nature in fortnightly statements to their Controlling Offices. Banks have further been advised to ensure that a record of transactions in the accounts is preserved and maintained as required in terms of PML Act, 2002 and also to ensure that transactions of suspicious nature and /or any other type of transaction notified under Act 2002 is reported to the appropriate law enforcement authority. At present, banks are reporting the above said type of transactions to their controlling offices.