

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO. 1176

TO BE ANSWERED ON MONDAY 25TH NOVEMBER, 2019 AGRAHAYANA 4, 1941(SAKA)

MONEY LAUNDERING

1176. SHRI KOTHA PRABHAKAR REDDY

Will the Minister of FINANCE be pleased to state:

- a. whether the Government agencies have launched a massive **National Risk Assessment** (NRA) exercise to identify the sectors that are susceptible to money laundering and terror funding, and plug the loopholes and this is in line with the Financial Action Task Force (FATF) recommendations and if so, the details thereof;
- b. whether India is required to make a risk assessment and put necessary mechanisms in place while India has met its obligation of mutual evaluation with FATF and if so, the details thereof;
- c. whether it is also a fact that as part of the process, the World Bank had earlier made a customizable excel – based self-assessment software tool available to Indian agencies which focuses on all vital aspects of money laundering, including terror financing risks, and help identify threats and vulnerabilities in different sectors particularly real-estate which emerged as one of the sectors requiring urgent intervention and if so, the details thereof; and
- d. whether NRA exercise begins with the collection of data on sectors that are prone to money laundering in high, medium and lower categories at the national level and prepare an action plan based on the level of risk and if so, the details thereof along with the work done so far?

ANSWER

THE MINISTER OF STATE IN MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

- a. Yes, Sir. The Government of India has initiated **National Risk Assessment** (NRA) exercise to identify the sectors that are susceptible to money laundering and terror funding, and plug the loopholes and this is in line with the Financial Action Task Force (FATF) recommendations. The exercise of NRA is ongoing.
- b. FATF standards require the member countries to identify, assess, and understand the money laundering and terrorist financing (ML/TF) risks for the country, and should take action, including designating an authority or mechanism to coordinate actions to assess risks, and apply resources, aimed at ensuring the risks are mitigated effectively.
- c. There is no single or universal methodology for conducting Money Laundering/Terrorism Financing (ML/TF) risk assessment. The member countries of FATF may adopt any one of the widely available different methodologies, to identify Money Laundering/Terrorism Financing (ML/TF) risks as a product of threats & vulnerabilities in all the relevant sectors of economy.
- d. The exercise of NRA involves collection of data from various sectors, assessing the Money Laundering/Terrorism Financing (ML/TF) risks and preparation of Action Plan to mitigate the Money Laundering/Terrorism Financing (ML/TF) risks.
