

# India achieves an ‘outstanding outcome’ in FATF mutual evaluation 2023-24

India’s performance on the FATF Mutual Evaluation accrued significant advantages to the country’s growing economy, as it demonstrated the overall stability and integrity of the financial system

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The FATF is an intergovernmental organisation established in 1989 as the international watchdog to combat money laundering, terrorist financing, and other related threats. File. | Photo Credit: AP

**India has achieved an outstanding outcome in the Mutual Evaluation conducted during 2023-24 by the Financial Action Task Force (FATF), said the government on June 28.**

**The Mutual Evaluation Report of India, which was adopted in the FATF plenary held in Singapore from June 26 and June 28, places India in the “regular follow-up” category, a distinction shared by only four other G-20 countries.**

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“This marks a significant milestone in the nation’s efforts to combat money laundering (ML) and terrorist financing (TF),” said a Press Information Bureau release.

## **High level of compliance, but improvements were needed in some sectors**

In a statement, the FATF said plenary concluded that **India had reached a high level of technical compliance with its requirements. The country’s anti-money laundering (AML), countering the financing of terrorism (CFT), and counter-proliferation financing (CPF) regime was achieving good results, including international cooperation, access to basic and beneficial ownership information, use of financial intelligence, and depriving criminals of their assets, etc.**

**However, the FATF observed that improvements were needed to strengthen the supervision and implementation of preventive measures in some non-financial sectors.**

“India also needs to address delays relating to concluding ML and TF prosecutions, and to ensure that CFT measures aimed at preventing the non-profit sector from being abused for TF are implemented in line with the risk-based approach, including by conducting outreach to NPOs [Non-Profit Organisations] on their TF risks,” it said.

Among other things, the FATF has recognised the efforts made by India on the issue of mitigating the risks arising from ML/TF, including the laundering of proceeds from corruption, fraud, and organised crime, and the effective measures implemented by India to transition from a cash-based to a digital economy to reduce ML/TF risks.

“Implementation of the JAM (Jan Dhan, Aadhaar, Mobile) Trinity, along with stringent regulations on cash transactions, has led to a significant increase in financial inclusion and digital transactions; these measures have made transactions more traceable, thereby mitigating ML/TF risks and enhancing financial inclusion,” said the government.

It said that **India’s performance on the FATF Mutual Evaluation accrued significant advantages to the country’s growing economy, as it demonstrated the overall stability and integrity of the financial system. Good ratings would lead to better access to global financial markets and institutions and increase investor confidence. It would also help**

in the global expansion of the Unified Payments Interface (UPI), India's fast payment system.

## **Recognition of effective implementation, says Government**

“This recognition from the FATF is a testament to the rigorous and effective measures implemented by India over the last 10 years to safeguard its financial system from ML/TF threats. It underscores the country's commitment to international standards and its proactive stance in the global fight against financial crimes,” the Government said.

Stating that the development set a benchmark for countries in the region to effectively implement international standards on terrorist financing, it said India's excellent rating would enhance the capacity of the country to lead the global effort on countering cross border terror financing and money laundering.

“Since 2014, the government has enacted a series of legislative changes and bolstered enforcement efforts to tackle ML, TF, and black money. This multi-pronged strategy has brought these measures in line with international standards and has demonstrably proven to be effective, yielding positive results. Indian authorities have had success in dismantling the terror funding network using actionable intelligence inputs. These operations have stemmed the flow of terror funding, black money, and narcotics, even along the coastline,” it said.

Over a two-year period, the Department of Revenue spearheaded India's engagement with the FATF during the mutual evaluation process. “This success was driven by the exceptional efforts and invaluable contribution of a diverse, multi-disciplinary team comprising representatives from various ministries, the National Security Council Secretariat (NSCS), State authorities, the judiciary, financial sector regulators, self-regulatory organisations, financial institutions, and businesses all played a critical role,” said the Government.

India, which has been a member of the FATF since 2010, is also a member of its Steering Group. “India remains committed to further strengthening its AML/CFT framework and continuing its collaboration with international partners to combat financial crimes,” the Government said.