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CURRENT AFFAIRS Handout

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CONTEXT: Assets attached in ML cases have risen.

Money Laundering

- UNODC
- IMF
- **Process**
 - Placement
 - Layering
 - Integration

Why

- Hiding Profits
- Tax avoidance
- Organised crime
- White collar crimes

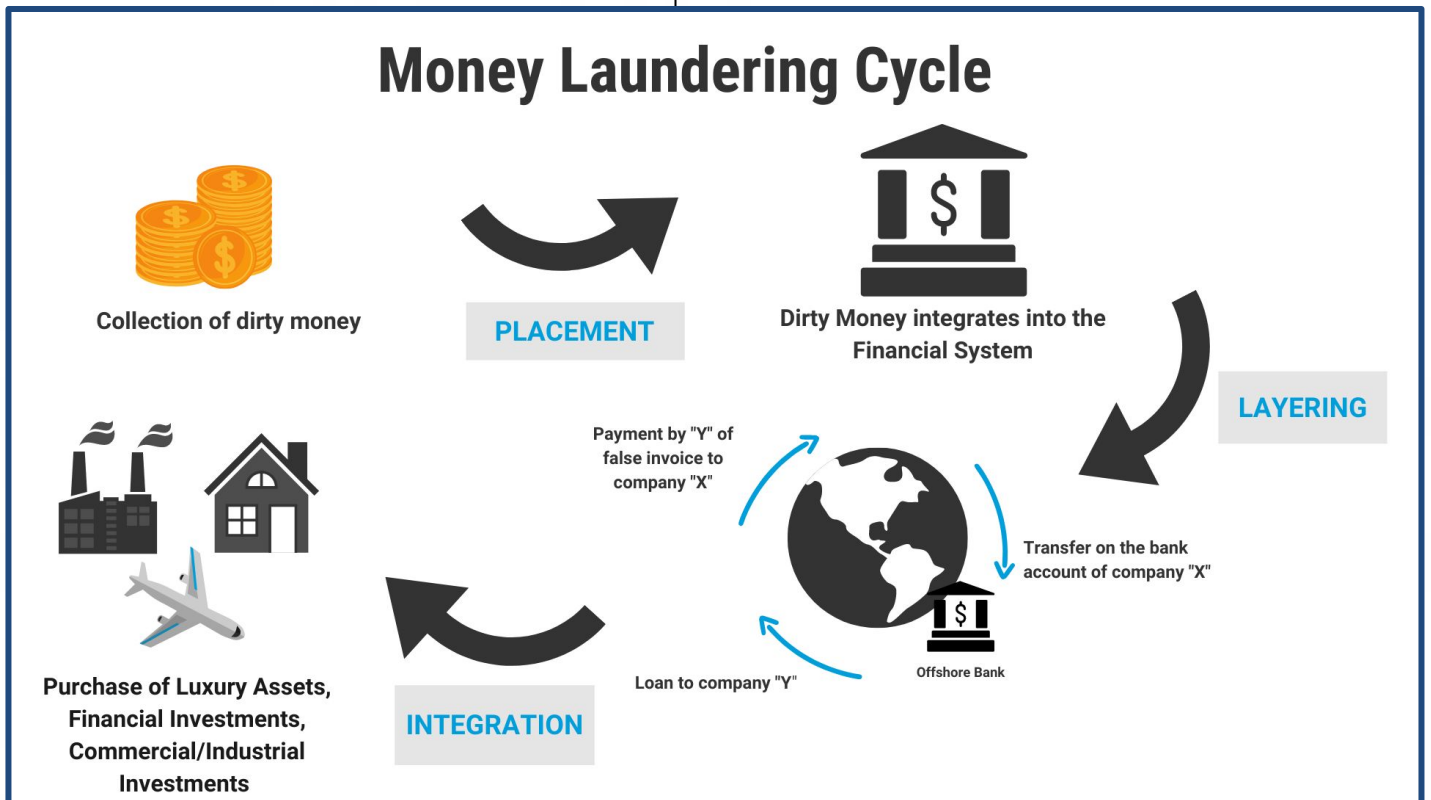
Methods

- Hawala
- Electronic Money Laundering
- Smurfing
- Smuggling cash
- Frontal Organisations
- Round Tripping
- Offshore accounts
- Shell companies

PMLA Background

- Article 253
- UN Convention against Illicit Traffic in NDPS (1988)
- FATF, 1989
- UNGA's Political Declaration and Global Programme of Action
- Palermo Convention (UN Convention against Transnational Organized Crime of 2000)

Money Laundering Cycle



CONTEXT: Assets attached in ML cases have risen.

(y) "scheduled offence" means--

- (i) the offences specified under Part A of the Schedule; or
- (ii) the offences specified under Part B of the Schedule if the total value involved in such offences is thirty lakh rupees or more;

3. Offence of money-laundering.-- Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money-laundering.

4. Punishment for money-laundering.-- Whoever commits the offence of money-laundering shall be punishable with rigorous imprisonment for a term which shall not be less than three years but which may extend to seven years and shall also be liable to fine which may extend to five lakh rupees:

Provided that where the proceeds of crime involved in money-laundering relates to any offence specified under paragraph 2 of Part A of the Schedule, the provisions of this section shall have effect as if for the words "which may extend to seven years", the words "which may extend to ten years" had been substituted.

5. Attachment of property involved in money-laundering.-- (1) Where the Director, or any other officer not below the rank of Deputy Director authorised by him for the purposes of this section, has reason to believe (the reason for such belief to be recorded in writing), on the basis of material in his possession, that—

- (a) any person is in possession of any proceeds of crime;
- (b) such person has been charged of having committed a scheduled offence; and
- (c) such proceeds of crime are likely to be concealed, transferred or dealt with in any manner which may result in frustrating any proceedings relating to confiscation of such proceeds of crime under this Chapter,

he may, by order in writing, provisionally attach such property for a period not exceeding ninety days

12. Banking companies, financial institutions and intermediaries to maintain records.-- (1) Every banking company, financial institution and intermediary shall—

- (a) maintain a record of all transactions, the nature and value of which may be prescribed, whether such transactions comprise of a single transaction or a series of transactions integrally connected to each other, and where such series of transactions take place within a month;
- (b) furnish information of transactions referred to in clause (a) to the Director within such time as may be prescribed;
- (c) verify and maintain the records of the identity of all its clients, in such manner as may be prescribed:



Money Laundering



CONTEXT: Assets attached in ML cases have risen.

PMLA

Amendments

- 2009
 - Criminal conspiracy: Section 120B of IPC added to PMLA's schedule
 - ED international jurisdiction
- 2012
 - PCA 1988 to Part A of the schedule
- 2023 amendment to Rules
 - Definition of beneficial ownership: Any individual or group > 10% ownership in the client of a "reporting entity"
 - Expanded the due diligence requirement: disclosures of beneficial owners beyond current requirement of KYC norms
 - Widened definition of Non-profit: religious or charitable purposes in Section 2 of IT Act, 1961; trust or a society

Concerns regarding PMLA

- Minor/Less serious offences in schedule
- Ordinary crimes ~ serious crimes
- Proceeds of Crime - Broad Definition
- Stringent Bail Conditions
- Burden of Proof
- Against Federalism
- FR of Accused: A-21

Judicial Observations

- **P. Chidambaram v. Directorate of Enforcement**
 - 'scheduled offence' is a sine qua non
- **Vijay Madanlal Choudhary and Ors. v. Union of India and Ors.**
 - ML is an independent offence
 - But still dependent on the underlying predicate offence to the extent of the proceeds of crime
 - if the predicate offence fails >> prosecution under the Act cannot be continued by ED

Countering Steps

- Statutory Measures
 - PMLA
- Institutional Measures
 - FIU
 - ED
- Artificial Intelligence
- International Cooperation
 - FATF
 - DTAA
 - Vienna Convention: UN Drug Convention
 - Egmont
 - APG: 40+9 Reco

Challenges in Prevention

- Technological evolution
- Predicate-offence-oriented law
- Smuggling & black market channels
- KYC implementation
- Tax Havens: anonymous accounts with strict financial secrecy laws
- Conviction Rate
- Cross border camouflage

Way Forward

- Client Due Diligence Process
- Special cell like Economic Intelligence Council
- Crypto
 - Transaction monitoring
 - Third-party ID providers under state supervision
 - Blockchain
- International Cooperation for penal framework
- FATF Reco
 - targeted financial sanctions regimes
 - review adequacy of laws
 - Financial institutions records > 5 years



CONTEXT: Assets attached in ML cases have risen.

Money Laundering

THE ED has sent 353 Mutual Legal Assistance Requests (MLARs) or Letters Rogatory (LRs) to foreign jurisdictions to seek evidence, trace money trails and pursue extradition-related assistance in cases involving fugitive economic offenders. The top six destinations were the United Arab Emirates (69), Singapore (55), the United Kingdom (39), Hong Kong (36), the United States (26) and Switzerland (23).

The ED's annual report, released on Friday, states that these formal requests facilitate international cooperation, including gathering evidence admissible in judicial proceedings, tracing money trails, and examining suspects, accused persons or witnesses abroad.

WHEN COURTS acquit or discharge accused in predicate offences, the Enforcement Directorate (ED) should not treat such outcomes as the end of the road, Additional Solicitor General (ASG) S V Raju said on Thursday, outlining a strategy that includes fresh probes, legal challenges, and intervention against possible collusion.

Minister of State for Finance Pankaj Chaudhary suggested that the long-standing principle of prioritising the liberty of the accused may no longer hold primacy in the current legal framework.

MAINS PRACTISE QUESTION

Money laundering poses a serious threat to economic stability, governance, and national security by facilitating terror financing, and organized crime. Explain the process of money laundering. What steps has the Government of India taken to combat this menace?



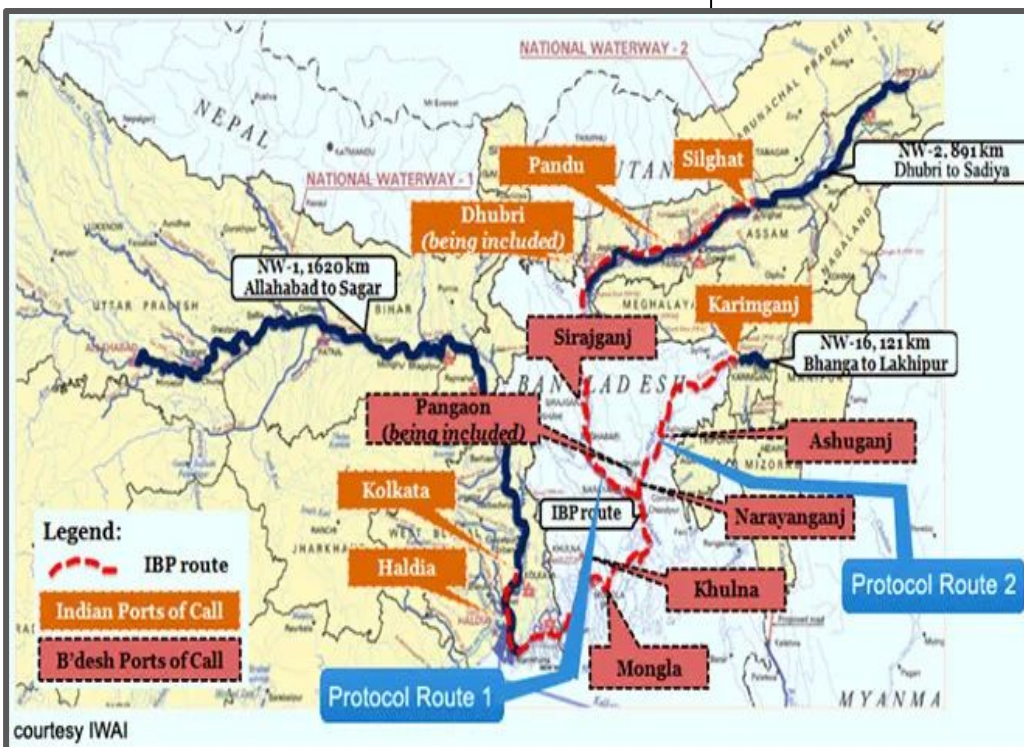
CONTEXT: Resumption of Visa services.

Bangladesh Significance

- Geostrategic
 - Regional stability
 - Regional Blocs - BIMSTEC, BBIN, IORA
- Geopolitical
 - Counter Terror, Border security
 - UNSC
- Geo Economic - import textile, export pharma
 - Trade route
 - 5th Export destination (2022-23)
 - Biggest trade partner in SA
- Connectivity
 - NE connectivity
 - Protocol on Inland Water Trade & Transit
 - Securing SLOCs
 - I-B Protocol Route
- Defence Exercises
 - Sampriti (Army), Bongo Sagar (Navy)
- Cultural Ties

Bangladesh: Concerns

- **Border Vulnerabilities**
 - Exploited by radical Islamic outfits & criminal networks
 - Salafist activities
 - Bangladeshi preachers religious discourses in WB border districts
 - Ethnic & linguistic similarities aid infiltration
 - Illegal migration
 - Extremist Bengali literature on social media
 - JMB & ABT terror modules
 - ULFA, NDF camps
- **Rohingya Refugees**
 - Radicalization, ARSA, infiltration attempts
- **Chittagong Hill Tracts**
 - Ethnic conflicts, demographic changes
 - Potential base for Indian insurgent groups



Normalising Ties with Bangladesh



CONTEXT: Resumption of Visa services.

- **Attacks on Minorities**
- **Increasing Pakistan Footprints**
 - Strengthened ties
 - Military & ISI delegations visiting sensitive border areas
 - Resumed direct trade after 1971
 - ISI aiding LeT, JeM, HuJI
 - Pakistan promoting Islamic identity
- **China Angle**
 - invites China to revive Lalmonirhat airbase
 - Siliguri Corridor
- **Misreading Maritime Geography**
 - Guardian of Ocean
- **Transboundary River Waters**
- **Smuggling & Trafficking**

Suggestions of PSC

Strategic Engagement

- Diplomatic engagement with all
- Complement with Track II and Track I.5
- Leverage soft power
- Sheikh Hasina's Stay: principled and humanitarian approach
- **Preservation of 1971 Legacy**
 - Counter emergence of revisionist narratives
- **Monitoring Chinese Influence**
 - Mongla Port
 - Lalmonirhat Airbase
 - Pekua submarine base
- **Leveraging BIMSTEC**
 - Full diplomatic and technical support
 - implementing BIMSTEC Master Plan for Transport Connectivity

Economic

- **Trade Relations**
 - Infrastructure at border
 - ICPs, connectivity
 - Digital trade facilitation
- **Preventing Dumping of Chinese Goods**
 - Rules-of-origin verification mechanisms
- **CEPA**
 - Expedite conclusion
- **Development Partnership**
 - Ongoing Dhaka-Tongi Joydepur Railway line

Suggestions Contd...

Security

- **Border**
 - a. Fencing
 - b. Coordination between BSF and BGB
 - c. Modern surveillance
 - d. Multi-agency coordination
- **Illegal Migration**
 - a. Dedicated bilateral mechanism or JWG

Other

- **Ganga Water Treaty Renewal**
 - Renewal by updated hydrological data, CC projections, equitable utilization
 - Consultations with WB, Bihar
- **Cultural Ties**
 - Annual joint events: Tagore-Nazrul literary festival
 - ICCR Expansion beyond Dhaka
- **Protection of Minorities**

MAINS PRACTISE QUESTION

Discuss the significance of India-Bangladesh relations. What are the major challenges affecting the partnership? Suggest measures to strengthen cooperation between the two countries.



SYLLABUS: Prelims : Indian Polity and Governance–Constitution, Political System
Newspaper: The Indian Express **Page Number** : 06

Free & Fair Elections

Context

- Allegations of electoral roll manipulation and duplicate EPIC numbers earlier
- EC directive on Counting Supervisors now
- Allegation of EVM tampering

Legal Framework

- **Article 324**
- **RPA, 1950:** electoral roll preparation
- **Registration of Electors Rules, 1960:** rules for voter registration

Evolution of Voting Process

- **1952 & 1957:** Separate ballot boxes for each candidate; voters dropped blank ballots into preferred candidate's box.
- **1962:** ballot papers with candidate names and symbols
- **2004:** EVMs in all LS constituencies
- **2019:** 100% Voter Verifiable Paper Audit Trail (VVPAT) slips

Issues in Electoral Process

- **EVMs and VVPAT:**
 - PIL demands - paper ballots - dismissed
 - 100% VVPAT-EVM matching rejected; current practice: 5 machines per assembly segment
 - SC allows verification of 5% EVM microcontroller memory in case of tampering suspicions
- **Electoral Roll Manipulation:**
 - Allegations of bogus/fake voters in Maharashtra, Delhi elections
 - Duplicate EPIC numbers in West Bengal, Gujarat, Haryana, Punjab

• Campaign Process Issues:

- **Star Campaigners:** abusive language, caste/communal
- **Election Expenditure:** Breach of limits; no limits on party spending (~₹1 lac cr in 2024 LS elections)
- **Criminalisation of Politics:** 46% of 2024 MPs; 31% serious charges

Significant Electoral Reforms

- Ensuring Transparency
 - Electoral Bonds
 - Mandatory declaration of income sources - Lok Prahari case
- Voter Participation
 - Voting age
 - Postal ballot
 - Election Laws (Amendment) Bill, 2021
- Technology in voting
 - EVMs, VVPAT
 - NOTA
- Upholding the faith
 - Anti Defection Law - no party hopping
 - Prosecuting politicians - special courts, expedited trials
- Creating a level playing field
 - MCC - restrictions on new announcements/grants, cVIGIL app to report
 - Guidelines on exit polls
 - Ceiling on election expenditure - 50-70 lac



Free & Fair Elections?



SYLLABUS: Prelims : Indian Polity and Governance–Constitution, Political System
Newspaper: The Indian Express **Page Number** : 06

Suggestions

- **EVMs and VVPAT:**
 - Increase sample size for EVM-VVPAT matching scientifically
 - Use 'totaliser' machines to aggregate votes from 14 EVMs before counting
 - Can use SC directive to verify 5% EVMs in case of tampering suspicions
- **Electoral Roll Clean-Up:**
 - Link Aadhaar with EPIC cards after addressing privacy concerns
 - Remove duplicate EPIC numbers and ensure unique voter IDs

Campaign Process Suggestions

- **Star Campaigners:**
 - EC should revoke 'Star Campaigner' status for serious MCC violations
 - Use Paragraph 16A of Symbols Order to suspend/withdraw recognition of parties violating MCC
- **Election Expenditure:**
 - Amend laws to include party financial assistance within candidate expenditure limits
 - Introduce a ceiling on political party expenditure
- **Criminalisation of Politics:**
 - Strict enforcement of Supreme Court's directive for candidates/parties to declare criminal antecedents 3 times before elections



SYLLABUS: Prelims : Current Events of National and International Importance
Newspaper: The Hindu Page Number : 12

Taiwan

- Before 1895 - Qing dynasty
- 1895 - Ceded to Japan
- 1945 - returned to China
- 1949 - Chinese civil war ended, nationalists (Kuomintang) fled to Taiwan
- China: Taiwan as a renegade province
- Taiwan - democratic system, constitution, armed forces, seeks international recognition

Chinese concerns

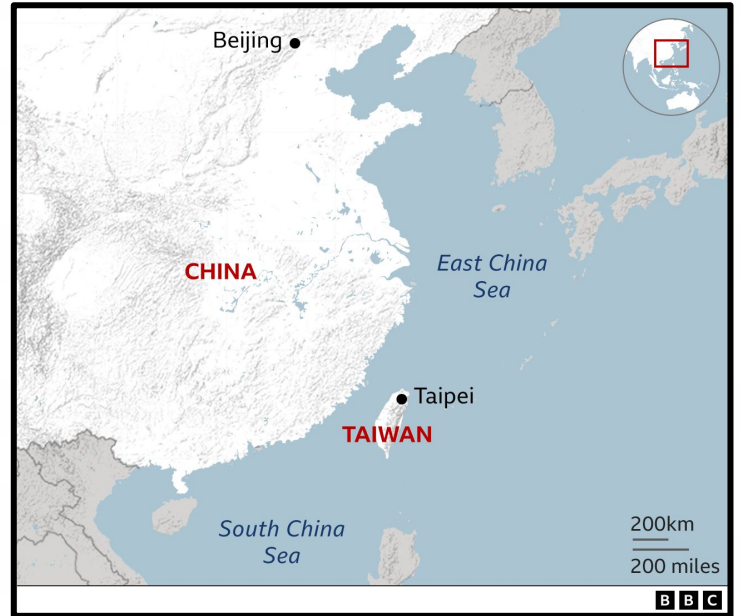
- Taiwan's President Tsai Ing-wen
- Growing ties between Taiwan and the United States
- Taiwan's role in "first island chain"
- Semiconductor chips

Role of USA

- Supported the nationalist government of Taiwan in 1949
- 1979 - Switched diplomatic recognition
- Taiwan Relations Act
- Policy of strategic ambiguity
- Military and diplomatic support- frequent naval and air patrols
- Democratic partner and a counterweight to China's influence in the Indo-Pacific

Indian interests

- Trade: South China Sea dependence for trade in Indo-Pacific
- Common security concerns: China's assertiveness
- Democracy: common values of freedom, human rights, rule of law
- Technology: digital transformation, startup ecosystem
- Culture: tourism, education, and people-to-people contacts.



India's Policy stand

- Diplomatic relationship since 1995 - ITA - business, tourism, consular
- Peaceful resolution of the cross-strait issues through dialogue

Taiwan's government expressed concern on Friday hours after a call between China and the United States' top diplomats in which Beijing stressed that self-ruled Taiwan was the biggest risk in relations.

"Taiwan's Ministry of Foreign Affairs is concerned about the press release issued by China ... which again unilaterally made threatening remarks on the Taiwan issue," the Foreign Ministry said in a statement.

In a call with U.S. Secretary of State Marco Rubio on Thursday, Chinese Foreign Minister Wang Yi

CHOICES ON Taiwan for 'stability' between the two nations

urged the United States to "make the right choices" on Taiwan in order to safeguard "stability" between the two nations, according to a statement by the Chinese Foreign Ministry.

The call came about two weeks ahead of a highly anticipated summit between U.S. President Donald Trump and Chinese leader Xi Jinping.

China sees self-ruled Taiwan as its own breakaway province.



Rupee back to 'Fragile Five' Days?



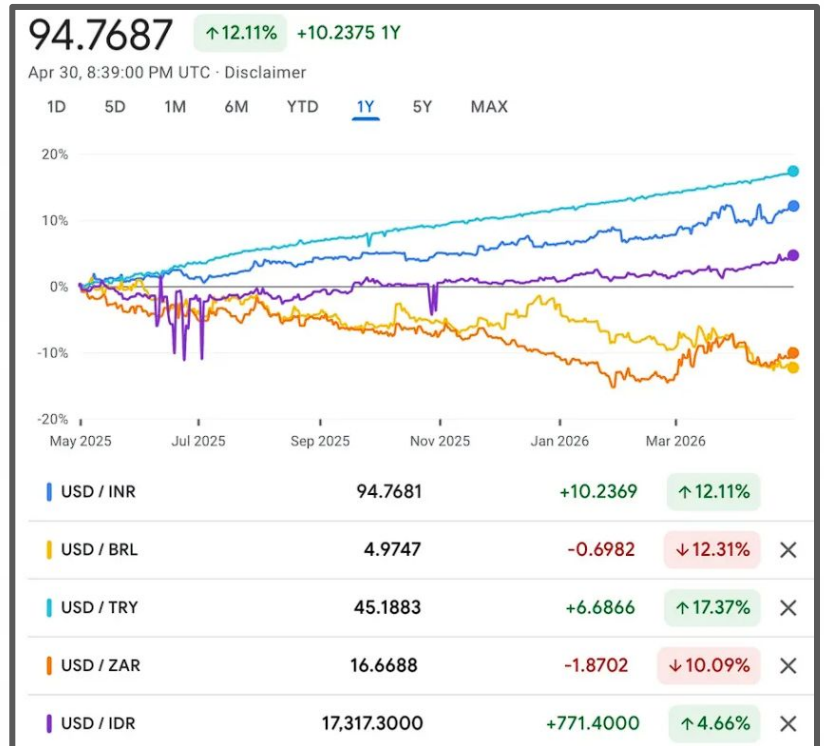
SYLLABUS: Prelims : Economic and Social Development
Newspaper : The Indian Express **Page Number** : 14

Rupee back to 'Fragile Five' Days? 'Fragile Five' economies

- Morgan Stanley: in emerging markets; INR also (2013)
- Other 4:
 - Indonesian rupiah – fell 15.4% against \$
 - Brazilian real – 7.6% against \$
 - South African rand – 14.4% against \$
 - Turkish lira – 9.9% against \$
- QE
 - central bank prints money → borrowing cheap (near 0 interest rates)
 - Investors borrow US \$ at near-0 → invest in high-growth, high-return economies
- QE rollback
 - US interest rates would rise
 - Investors pull money from emerging markets to invest in US bonds (risk-free, loan to US govt)
- Reason of Value Loss
 - US FED signal: rollback of QE+ already CAD
 - sustained CAD because capital account surplus (more money from FDI and stock investments)
 - QE rollback reversed investment flows → relative demand of these currencies against \$ crashed
 - Exchange rates driven by relative demand of 2 currencies

Similarity in 2026 to fragile 5 of 2013

- Claim by govt: economy from “fragile five” to top five (by GDP size)
 - Now slid to 6th
- India second-worst: fall of 12.1%
- 2 currencies appreciate against dollar:
 - Brazil: up 12%
 - South Africa: up 10%
- Turkish lira: lost over 1000% since May 2018



Rupee back to 'Fragile Five' Days?

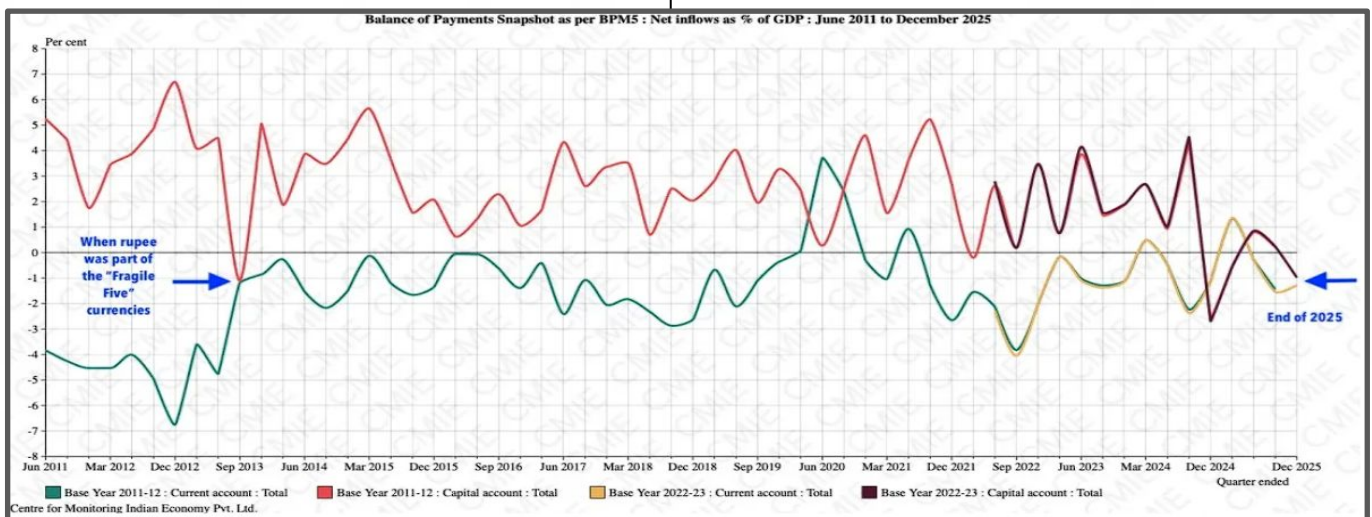
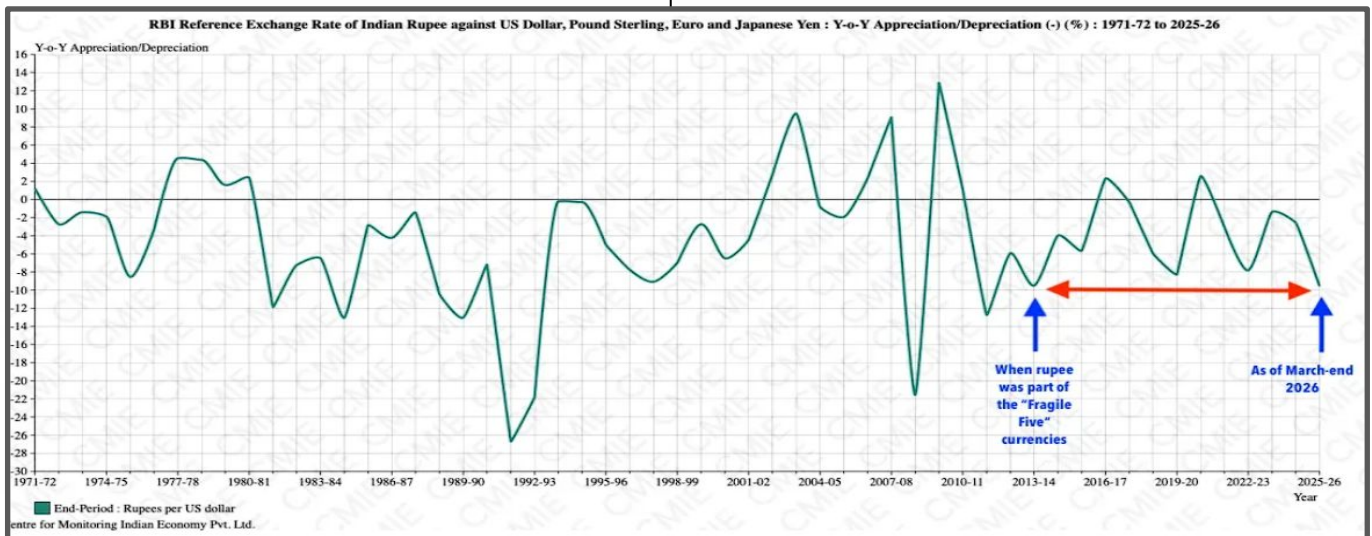


SYLLABUS: Prelims : Economic and Social Development
Newspaper: The Indian Express Page Number : 14

Rupee slide in 2026 comparison with 2013

- All-time low >95; April 2025: <85
- Fall of 12% in 12 months
 - Normal yearly slide: 3% to 4%
- Difference in sequence:
 - Fall in FY14 after sharp falls in 2 preceding years
 - i. FY13: 6%; FY12: 13%

- Factors behind recent slide
 - Similar to BoP (net effect of current and capital accounts) in 2013-14
 - September 2013 quarter vs December 2025 quarter
 - i. Both deficits
- Implications of both deficits:
 - Spending more \$ on imports
 - Flight of \$ on a net basis
- Only way to pay for both deficits: forex



SYLLABUS : Prelims : Indian Polity and Governance
Newspaper The Hindu **Page Number : 01**

Anticipatory Bail

438. Direction for grant of bail to person apprehending arrest.

- [(1) Where any person has reason to believe that he may be arrested on an accusation of having committed a non-bailable offence, he may apply to the High Court or the Court of Session for a direction under this section that in the event of such arrest he shall be released on bail; and that Court may, after taking into consideration, inter alia, the following factors, namely:-

- (i) the nature and gravity of the accusation;
- (ii) the antecedents of the applicant including the fact as to whether he has previously undergone imprisonment on conviction by a Court in respect of any cognisable offence;
- (iii) the possibility of the applicant to flee from justice; and
- (iv) where the accusation has been made with the object of injuring or humiliating the applicant by having him so arrested, either reject the application forthwith or issue an interim order for the grant of anticipatory bail:

Anticipatory Bail: Judicial Opinions

- **Gurbaksh Singh Sibbia v. the State of Punjab, 1980**
 - 'reasons to believe' that he may be arrested
 - filing of an FIR
 - No blanket anticipatory bail
 - conditions as per the situations and the seriousness of the reason
- **State of MP v. Rama Krishna Balothia, 1995**
 - Not a fundamental right
- **Sushila Aggarwal v. State (NCT of Delhi), 2020**
 - not strictly bound by time
 - lower Courts can limit the validity - special circumstances
- **M. C. Abraham v. the State of Maharashtra, 2002**
 - rejection of bail ≠ necessary arrest

- **Bhadresh Bipinbhai Sheth v. State of Gujarat, 2015**
 - rejection without proper justification = violation of A-21
- **State of Maharashtra v. Vishwas, 1978**
 - can recall or cancel bail
 - special privilege - not be misused

The Supreme Court has granted Congress leader Pawan Khera anticipatory bail in a criminal case instituted on a complaint filed by Assam Chief Minister Himanta Biswa Sarma's wife, saying the case appears to be motivated by political rivalry and does not warrant custodial interrogation.

"Criminal process must be applied with objectivity and circumspection so as to ensure that individual liberty is not imperiled by proceedings that may be coloured by political rivalry. We are further of the opinion that the allegations and counter-allegations, as apparent in the present case, prima facie, appear to be politically motivated and seemingly influenced by such rivalry, rather than disclosing a situation warranting custodial interrogation, and the veracity of the allegations can be tested at trial," the



SYLLABUS : Prelims : Indian Polity and Governance

Newspaper : The Hindu **Page Number** : 03

- protect and promote human rights
- PHRA, 1993
- In conformity with Paris Principles, 1991
- **Composition**
 - Chair - Ex CJI or SC judge
 - 5 members - SC judge, CJHC, 3 having knowledge of, or practical experience in, matters relating to HR (atleast 1 woman)
- **Appointment Committee** - PM, Speaker, MHA, 2 LoPs, Dep Chair
- **Term** - 3 years or 70
- **Removal** - by President (after inquiry by SC) - Proved Misbehaviour or incapacity
 - insolvent
 - paid employment outside the duties
 - infirmity of mind or body
 - unsound mind - so declared by a competent court
 - convicted and sentenced for an offense - moral turpitude



**NATIONAL HUMAN
RIGHTS COMMISSION**



Q1. With reference to the evolution of the voting process in India, consider the following statements:

1. Ballot papers carrying candidate names and symbols were introduced in the 1962 elections.
2. Electronic Voting Machines (EVMs) were used in all Lok Sabha constituencies for the first time in 2019.
3. Voter Verifiable Paper Audit Trail (VVPAT) slips were implemented in all constituencies in the 2004 general elections.

How many of the statements given above is/are correct?

- a) Only One
- b) Only Two
- c) All Three
- d) None

Answer : a

Q2. Consider the following statements:

1. Taiwan was ceded to Japan by China in 1895 after the First Sino-Japanese War.
2. Taiwan functions with its own democratic system, constitution, and armed forces.

Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

Answer: c

Q3. With reference to the depreciation of the Indian Rupee, consider the following statements:

1. Tightening of monetary policy by the US Federal Reserve can trigger capital outflows from India.
2. Rising Foreign Direct Investment (FDI) inflows always lead to depreciation of the rupee.

Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

Answer: a

Q4. With reference to anticipatory bail under Section 438 of the CrPC, consider the following statements:

1. It is granted only after a person is arrested.
2. The court considers factors like the nature of accusation and possibility of fleeing from justice.

Which of the statements given above is/are correct?

- a) 1 only
- b) 2 only
- c) Both 1 and 2
- d) Neither 1 nor 2

Answer: b

Q5. Consider the following statements regarding the National Human Rights Commission (NHRC):

1. It is a statutory body established under the Protection of Human Rights Act, 1993.
2. The Chairperson of NHRC can be only a former Chief Justice of India.
3. The members are appointed by the President on the recommendation of a committee including the Prime Minister and Leaders of Opposition.

Which of the statements given above are correct?

- a) 1 and 2 only
- b) 2 and 3 only
- c) 1 and 3 only
- d) 1, 2 and 3

Answer: c





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