

Government of India
Ministry of Finance
Department of Economic Affairs
(Capital Market Division)

Press Release

Subject - India's progress on Anti Money Laundering and Combating the Financing of Terrorism (AML/CFT)

1. The Financial Action Task Force (FATF) is an inter-governmental policy making body, comprised of over 30 countries, that has a ministerial mandate to establish international standards for combating money laundering and terrorist financing. Over 180 jurisdictions have joined the FATF or an FATF-style regional body, and committed at the ministerial level to implementing the FATF standards and having their anti-money laundering (AML)/counter-terrorist financing (CFT) systems assessed.
2. The FATF sets international standards to combat money laundering and terrorist financing. It assesses and monitors compliance with the FATF standards, conducts typologies studies of money laundering and terrorist financing methods, trends and techniques and responds to new and emerging threats, such as proliferation financing.
3. India became FATF's 34th Member in June 2010. As per the FATF procedure, every country has to give an Action Plan to bring their AML/CFT regime close to the compliance zone of the FATF. India also gave an Action Plan in June 2010 and followed up with Action Taken Report in October 2010 and in February 2011.
4. The 2nd review of India's Action Taken Report was discussed by the FATF Plenary on 23rd February in Paris. The FATF Plenary appreciated the strong commitment demonstrated by India to the international drive against money laundering and financing of terrorism.
5. During the meeting, India reiterated its commitments to adopt, enforce and contribute to international best practices in AML and CFT. India also highlighted the implementation of the 2010-11 budget announcement relating to the establishment of a Financial Stability and Development Council that would inter alia review the effective implementation of India's multilateral commitments including FATF priorities. In addition, India informed the plenary of the steps taken for the fulfillment of another budget announcement of 2010-11 relating to the creation of the high powered Financial Sector Legislative Reforms Commission to look at all the financial sector legislations, regulations and rules with a view to making them synchronous with each other; that would also help India implement its FATF action plan more effectively.

6. During the plenary, it was observed that India is on track on fulfilling its commitment and it was recognized that India is taking all efforts in securing a more transparent and stable financial system by ensuring that financial institutions are not vulnerable to infiltration or abuse by organized crime groups.
7. The Union Finance Minister, Shri. Pranab Mukherjee, today approved India taking over as the co-chair of the Asia Pacific Regional Review Group of the FATF. It is one of the four FATF International Co-operation Review Groups. The others are: Europe/Eurasia, Americas, Middle East / Africa. India replaces Australia and the other co-chair is Macau. Through this position, India would send an important signal of its interest in and commitment to countering money laundering and financing of terror both in the region, as well as in terms of the nation's overall membership of FATF.
8. The Asia Pacific Regional Review Group of FATF is tasked with the responsibility of reviewing the compliance and actions taken by countries in this region to meet FATF standards.
9. The Indian delegation to the FATF Plenary was led by Dr. Thomas Mathew, JS, Capital Markets, Department of Economic Affairs.

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