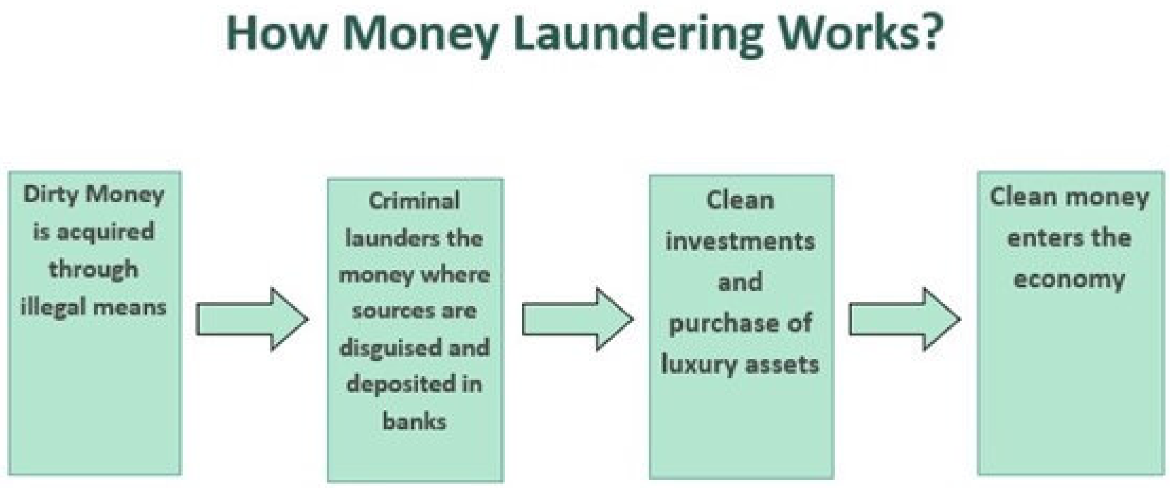
Donkey Route and Money Laundering

Why in News?

The **Enforcement Directorate (ED)** carried out searches at different locations across Punjab and Haryana in connection with the **"donkey route" case** involving **illegal immigrants**, under provisions of **the Prevention of Money Laundering Act (PMLA), 2002.**

Key Points

- **The Donkey Route:**
  - The "Dunki" or "donkey" route has existed for decades, known for its perilous and illegal migration paths.
  - It refers to the **long-winding**, often dangerous routes that people across the world take to reach the places they want to immigrate to. These journeys are undertaken due to a lack of requisite legal permits or financial resources.
  - **Rise in Indian Illegal Immigration to the US:**
    - According to Pew Research Center, the **number of Indians illegally entering the US rose** from 8,027 (in 2018–2019) to 7.25 lakh (in 2022–2023).
      - India is the only country in the top five sources of immigration to the US outside Latin America.
    - Since 2011, the undocumented Indian population in the US has grown by 70%.
    - US Customs and Border Protection data shows the sharpest increase occurred between 2020 and 2023.
- **Money Laundering:**
  - **About:**
    - Money laundering is a complex process used by individuals and organisations to conceal the origins of illegally obtained money. It involves making illicit funds appear legitimate through a series of transactions.
  - **Methods of Money Laundering:**
    - **Structuring (Smurfing):** Breaking up large amounts of cash into smaller, less conspicuous amounts that are then deposited into bank accounts.
    - **Trade-Based Laundering:** Using trade transactions to move value across borders and disguise the origins of illicit funds.
    - **Shell Companies:** Creating companies with no legitimate business activity to funnel illicit funds through legitimate-looking transactions.
    - **Real Estate:** Purchasing real estate with illicit funds and then selling it to convert the value into legitimate assets.



- **Prevention of Money Laundering Act (PMLA) 2002:**
  - **Key Provisions:**
    - **Defines money laundering** as concealment, possession, acquisition, or use of proceeds from crime, projecting them as legitimate assets.
    - **Empowers the Enforcement Directorate (ED)** to investigate offenses, conduct raids, and attach proceeds of crime.
    - **Mandates financial institutions** to report suspicious transactions to the **Financial Intelligence Unit – India (FIU-IND)** for scrutiny.
    - **Establishes Special Courts** to expedite trials of money laundering cases, ensuring legal deterrence.
    - **Includes a wide range of predicate offenses** under the **Schedule of Offenses**, covering economic offenses, corruption, drug trafficking, and terrorism.
  - **Effectiveness:**
    - **Stronger deterrence:** The PMLA deters financial crimes through strict investigation, prosecution, and asset confiscation in major fraud and economic offenses.
    - **Enhanced international cooperation:** India collaborates with Interpol and the **FATF (Financial Action Task Force)** to track illicit funds.
    - **Better financial monitoring:** Banks and financial institutions are obligated to implement **Know Your Customer (KYC)** norms, reducing money laundering risks.