



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

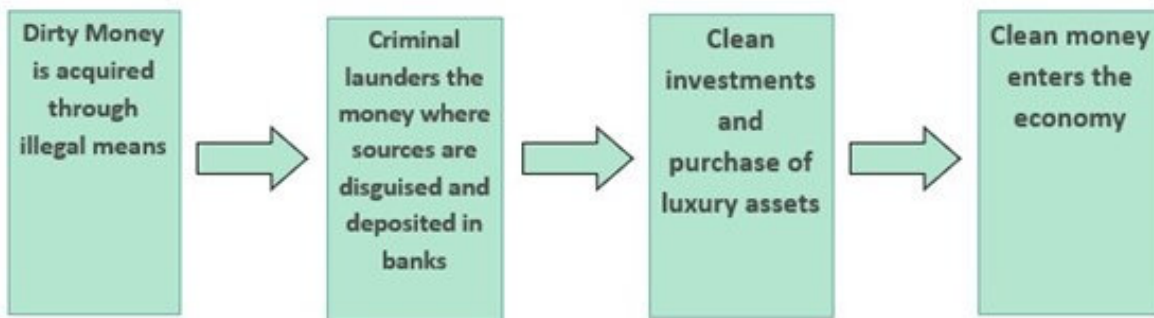
▪ The Donkey Route:

- 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.

How Money Laundering Works?



▪ 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.