

# Supreme Court review its verdict on PMLA

August 26, 2022

**In news**— Underlining its support for a law against money laundering, the Supreme Court has recently agreed to reconsider its previous verdict upholding key provisions of the Prevention of Money Laundering Act(PMLA), 2005.

**The Supreme Court's earlier ruling on PMLA-**

**In Vijay Madanlal Choudhary & Ors v Union of India**, a judgment delivered in July 2022, the Supreme **Court upheld the key provisions of the PMLA.**

In the 540-page ruling, **the SC accepted the government's arguments on virtually** every aspect that was challenged by the petitioners: **from reversing the presumption of innocence while granting bail to passing the amendments as a Money Bill** under the Finance Act to defining the contours of the powers of the Enforcement Directorate (ED).

**What is the Prevention of Money Laundering Act(PMLA), 2005?**

- It is a criminal law of the Parliament of India passed by the NDA government in 2002 to prevent money laundering and confiscate property derived from the laundered money.
- Sec. 3 of PMLA **defines offence of money laundering as** whosoever attempts to indulge or knowingly assists in any process connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money-laundering.
- It **prescribes obligation of banking companies, financial institutions and intermediaries for verification and maintenance of records of the identity of all its clients** and also of all transactions and for furnishing information of such transactions in prescribed form to

the Financial Intelligence Unit-India (FIU-IND).

- PMLA **empowers certain officers of the Directorate of Enforcement to carry out investigations** in cases involving offence of money laundering and also to attach the property involved in money laundering.
- PMLA **envisages designation of one or more courts of sessions as Special Court or Special Courts** to try the offences punishable under PMLA and offences with which the accused may, under the Code of Criminal Procedure 1973, be charged at the same trial.
- PMLA **allows the Central Government to enter into an agreement with the Government of any country for enforcing the provisions of the PMLA** and exchange of information for the prevention of any offence under PMLA.

### **How is a judgement reviewed?**

- A ruling by the Supreme Court is final and binding. However, **Article 137 of the Constitution grants the SC the power to review its judgments or orders.**
- **A review petition must be filed within 30 days of pronouncement of the judgment.**
- **Except in cases of death penalty,** review petitions are **heard through “circulation”** by judges in their chambers, and not in an open court.
- Lawyers make their case through written submissions and not oral arguments. **The judges who passed the verdict decide on the review petition as well.**
- The SC rarely entertains reviews of its rulings. **A review is allowed on narrow grounds to correct grave errors** that have resulted in a miscarriage of justice.
- **“A mistake apparent on the face of record” is one of the grounds on which a case for review** is made.
- This mistake must be glaring and obvious such as relying on case law that is invalid.