SC Reviews ED's Power to Attach Assets under PMLA

Prelims: *Current events of national and international importance | Polity*

Why in News?

Recently, the Supreme Court (SC) stayed a November 2025 Delhi High Court order that upheld the Enforcement Directorate's (ED) attachment of assets allegedly linked to an international online betting operation.

Enforcement Directorate (ED)

- ED is a premier financial investigation agency and economic law enforcement agency of the Government of India.
- **Statutory powers (3 different acts) –**
- Foreign Exchange Management Act, 1999 (FEMA)
- ***Prevention of Money Laundering Act, 2002 (PMLA)***
- Fugitive Economic Offenders Act, 2018 (FEOA)
- **Functions –** Investigates money laundering cases.
- Handles cash and other assets seized or attached during PMLA investigations.

Prevention of Money Laundering Act (PMLA), 2002

- **Aim –** The act was enacted to prevent money laundering and to confiscate the property involved or obtained.
- **Money Laundering –** *Defined under Section 3 of PMLA.*
- It is an action through which processes or activities connected to the proceeds of crime are concealed, possessed, acquired, or used and projected as untainted property or claimed to be untainted property.
- **Proceeds of Crime –** Section 2(1)(u) of the PMLA defines "proceeds of crime" as ***property derived or obtained, directly or indirectly, from such criminal activity.***
- **Property Attachment (Section 5) –** ED can provisionally attach property if it has reason to believe it is proceeds of crime, even before conviction.

The Supreme Court in P. Chidambaram versus Enforcement Directorate (2019) held that money laundering affects the financial system and also the sovereignty and integrity of the nation.

Matter Under Review with SC

- **Issue – Constitutional Aspect –** The case highlights the tension between ED's powers under PMLA and individual ***property rights under Article 300A.***
- **ED Action –** ED attached assets from a non-scheduled offence, such as cricket betting, when they were linked directly or indirectly to a scheduled offence like forgery, cheating, or criminal conspiracy.
- **Legal Challenge –** Betting and gambling are not listed as scheduled offences under PMLA. Hence, petitioners argued that ED lacked jurisdiction.
- **Need –** Provides clarity on the scope of ED's attachment powers, including indirect links to scheduled offences, affecting digital betting, crypto, hawala networks, and shell companies.
- **High Court stance –** The Delhi High Court had *upheld the ED's attachment of assets* from the international online betting operation.
- Ruling that property indirectly linked to scheduled offences could be treated as proceeds of crime.

Reference

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