

SC Reviews ED's Power to Attach Assets under PMLA

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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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